

THE 2017 INDUSTRY CRITERIA & GUIDANCE

FOR DEVELOPING AND RENEWING
BUSINESS IMPROVEMENT DISTRICTS (BIDS)

On behalf of

Revo
Retail. Property. Community.

ACS | the voice of
local shops

BRC

ATCM
association of town & city managements

intu



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FOREWORD FROM THE PARTNERS

With over 260 BIDs at the start of 2017, and more to be developed and renewed during the year, there has never been a more important time to refresh our annual BID Industry Criteria & Guidance to those bringing forward BID Proposals.

There is now over 10 years' experience of BID ballots, in which time the industry has evolved and matured. Most business occupiers are prepared to consider well researched and fully justified BID Proposals within the majority of locations, but support at ballot cannot be automatically relied upon.

This new version of the BID Industry Criteria & Guidance replaces previous editions and makes it easier again for those developing business plans to understand the minimum expectation of us, your voters.

In order to consider supporting Proposals, both we and our members expect to see those minimum expectations met and the BID Regulations fully adhered to. If this is not the case, irrespective of the location and/or the demand, our support at ballot cannot be guaranteed.

Most importantly, however, these latest Criteria & Guidelines are designed to help and support the industry and to make it easier for those developing Proposals. Therefore, we have designed them in an even easier-to-read format, including a simple checklist of the most important points to remember.

This year's contributors include retailers, shopping centres, banks and convenience stores, encompassing most of the levy payers in the majority of the BIDs.

We hope that you find these guidelines helpful.



CHECKLIST

When developing a BID Business Plan, here are the top 10 questions levy payers will ask when voting in any ballot:

Q1

Has sufficient research and consultation been conducted?

Only if all of those who will pay the levy have been included, at least 50% have responded, head office voters have been engaged and the proposed services exactly respond to the research findings.

Q2

Is the levy rate applied appropriate?

Only if it is the absolute minimum required to fund services and does not exceed 2% of rateable value, even in exceptional circumstances.

Q3

Has the correct BID area been selected?

Only if those businesses within it have common interests and it is possible to deliver the proposed services such that they will impact positively on all eligible businesses within it.

Q4

Do the BID Proposals meet the requirements of the BID Regulations?

Only if the Regulations are met in full.



Q5**Is the proposed BID budget correct?**

Only if it is transparent, includes accurate ratings information, correctly applies the levy rules, allocates no more than 20% to overhead costs, and is prudent in terms of collection rates, contingencies and reserves.

Q6**Is the list being used for the ballot correct?**

Only if it is based upon the most up-to-date ratings information and has been supplemented with accurate local or head office voter information.

Q7**Are the plans for management of the BID reasonable?**

Only if they demonstrate the highest standards of corporate governance through a commitment to openness, transparency and inclusivity.

Q8**Is merely delivering the proposed services adequate?**

Only if an independent mid-term review process is to be included, annual surveys of levy payers are proposed, strong performance measures are to be utilised, and where openness to constantly seeking improvement and change are accompanied by a willingness to respond to changing business needs.

Q9**Does the Business Plan achieve its objective?**

Only if it clearly explains the rationale for planned services, the rules that will apply to the levy and the overall vision for the BID.

Q10**Is demonstrating approval for the BID Proposals through a positive ballot outcome sufficient?**

Only if a majority by number and by rateable value is accompanied by the highest possible turnout (average is 47%).



PROCESS

Whether renewing BID Proposals or developing new ones, we would expect that, at a minimum, these five stages are completed and evidenced as part of the process:

1

FEASIBILITY

Establishing the need (if any) for a BID through initial research amongst local businesses, engagement with the local authority, and initial viability tests using ratings data.

Having established the need, visioning through in-depth research (including consultation with head office contacts), financial modelling and developing detailed Proposals.

PLANNING

2

3

LOCAL AUTHORITY

Compliance with the Regulations requires the development of full Proposals (including a Business Plan), baseline statements (if any) and operating agreement, and detailed ballot arrangements.

A proactive and inclusive communications programme, aimed at maximising turnout in the ballot.

CAMPAIGN

4

5

ESTABLISHMENT

Assuming a successful ballot, preparations for launch include putting in place detailed governance arrangements, financial planning, service contract procurement systems, staffing, and performance monitoring criteria.



THE BID BUSINESS PLAN

It is expected that a detailed Business Plan is distributed in printed format to every potential levy payer and made available online. This should be developed alongside each set of BID Proposals.

Differing requirements will be applied to property owner BIDs. For occupational BIDs, whilst each business case will continue to be viewed on its merits, and individual levy payers should be free to vote in accordance with their own views, the minimum requirements to be expressed within any BID Business Plan should be:

(A) GENERAL

Aims and Objectives

That the Plan clearly articulates how the service(s) proposed will combine to deliver an improved trading performance for the place and its business community.

BID Area

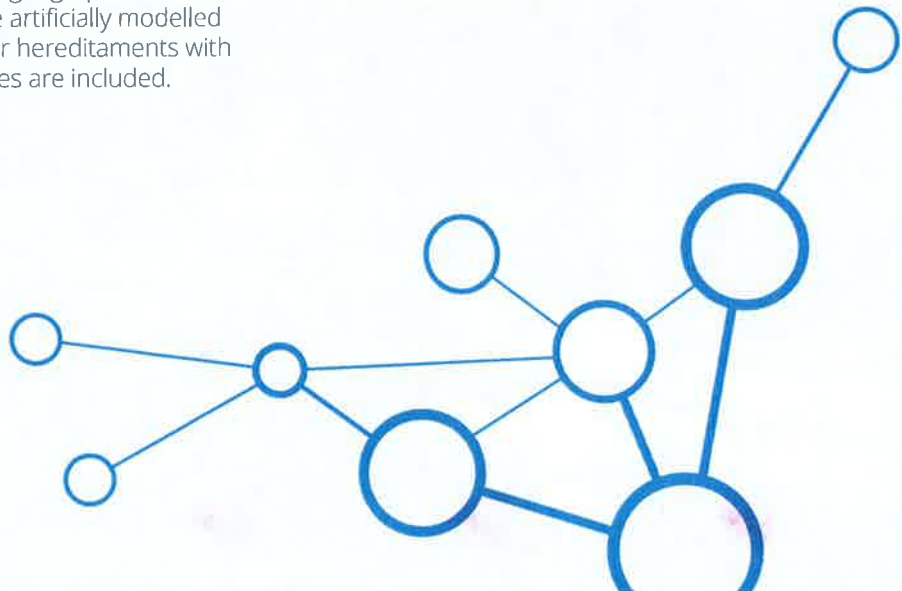
An illustration of the proposed area, including a description as to how businesses share common interests and objectives. The BID should encompass a tight geographic area and should not be artificially modelled in order that larger hereditaments with high rateable values are included.

Proposals

The Business Plan must be founded upon and summarise more detailed BID Proposals that accord with the Regulations and are available for inspection at the offices of the local authority or online.

Renewing BIDs

In addition to other aspects, those BIDs seeking the renewal of Proposals must evidence delivery and impact across all areas to date.



(B) ARRANGEMENTS

Ballot

Details should include the proposed date for distribution of ballot papers (which must always be sent to head offices where appropriate), the start and end dates of the ballot, and the date of announcement of the outcome. It is expected that the BID and the local authority will jointly undertake to communicate the result to all those eligible to participate in the ballot.

Database

The voter list to be used in the ballot is distinct from the ratings list and evidence must be provided that correct voter details have been captured and will be used.

Hereditaments

The proposed number of premises (including land and buildings) to be subject to the levy should be included and should be between 400 and 800 in all but very exceptional circumstances. Whilst all local authority hereditaments should be included within the BID at full value, the number should not be such that it may unduly influence any ballot outcome.

Local Authority

The details of the Local Billing Authority must be included.

Notices

The dates on which the Secretary of State was notified of the ballot and the proposed date for the Notice of Ballot to be issued by the ballot holder.

Proposed Services

These should clearly respond to the needs evidenced through the research, be measurable, and fully costed.

Re-ballot

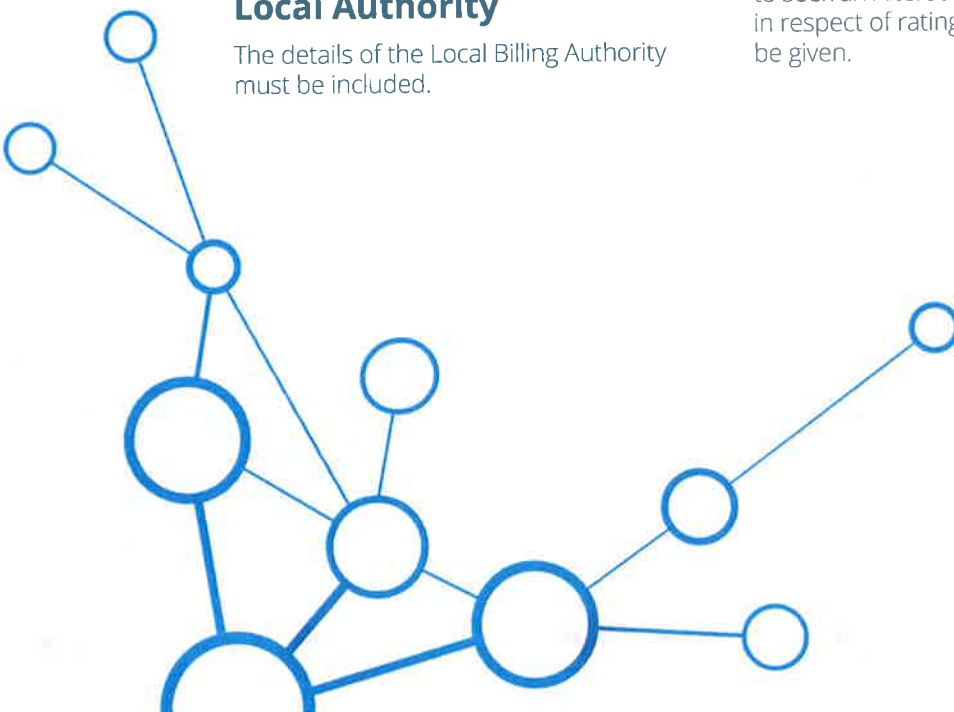
Such Proposals should only be presented after a minimum of six months has expired since the failed ballot, and then only if renewed research and consultation results in a demonstrably different set of Proposals.

Term

Details of the proposed length of BID term should include start and end dates.

Variation Provisions

The extent to which the Proposals (primarily the proposed services and costs of each) may be varied during the term. An express commitment not to seek an Alteration Ballot, particularly in respect of rating changes, should be given.



(C) ACCOUNTABILITY AND TRANSPARENCY

Baselines

The baseline statements (if any) that apply must be available for inspection throughout the ballot period. The proposed services should be in addition to any such baselines. If the BID proposes to take on the operation of any services previously delivered by a local authority, the full costs of this service should transfer alongside. Delivery should not be reliant upon levy receipts, and the contract to deliver should include suitable options to terminate.

Communications

The frequency and format of communications throughout the term.

Community

A commitment should be given to the BID operating as part of a wider community and in the public interest.

Contact details

A named contact for the BID Proposer must be nominated, together with email, phone and website details.

Corporate

Details of the BID Body should be disclosed and it is expected that this will be a not-for-profit legal entity established for the specific purpose of operating the BID.

Governance

The governance structures of the BID must be accessible to all levy payers, including those arrangements for forming the BID Board (including the election of a private sector Chairperson). There should be a commitment to an annual meeting for all levy payers to express views and ask any questions. The role of the local authority on BID Boards (or similar) should be as observers and local authorities should not operate BIDs themselves. Membership structures should be clearly explained.

Mid-term Review

A commitment must be made to at least one independent review of all aspects of the BID, including a survey of levy payers during the term. This should be made available to all levy payers.

Monitoring Performance

The targets against which the BID should monitor performance should be set out, together with proposed frequency of reporting (to be at least every 6 months). For transparency reasons, the BID should commit to a detailed annual report being made available to all levy payers and the wider business community. This should result from detailed annual surveys of levy payers.

Operating Agreement

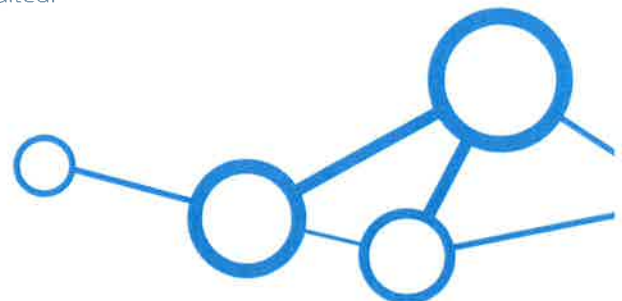
The proposed operating agreement detailing arrangements with the local authority must be available for inspection throughout the ballot period.

Research and Consultation

Thorough research and consultation leads to greater transparency in the development process.

The need for the proposed service(s) must be evidenced through robust and varied research methods, conducted amongst all local businesses, with a minimum active engagement and response rate of 50% of those that will be responsible for payment of the levy.

The research should include a distinct element where head office voters are consulted.



(D) FINANCIAL

Additional Income

Only committed and fully disclosed sources of additional income may be included in the budget. In-kind contributions should not be reflected within financial projections. A commitment to identifying non-levy income sources should be included with the aim of generating the equivalent of 10% (or more) of levy annually from the end of the first term onwards.

Budget

A detailed budget should be provided for each year of the BID term including levy and other income, average levy throughout the term, the costs of each strand of delivery, overheads, proposed surpluses and reserves (to be carried forward at a minimum of 20% of levy). The amount of any contingencies must be disclosed, to include non-collected levy and delivery costs.

Caps

For larger hereditaments, a cap on the maximum amount to be paid should be included where the costs of the BID would otherwise be disproportionate.

Concessions

Reduction in levy rates for charities should be carefully applied and may not extend to retail units. Tenants paying additional occupational service charges for facilities similar to those proposed by the BID must receive a minimum 25% discount in the levy that would otherwise apply. Other than in exceptional and fully justified circumstances, no other discounts should be applied.

Development Costs

The source of development costs, together with any repayment arrangements, must be included in the budget. Similar details should be provided as to the costs of any renewal at the end of the term.

Empty Property Relief

The liability for levy on untenanted properties, including listed buildings, should revert to the landlord.

Exemptions

Other than in exceptional circumstances, the levy should be applied to all hereditaments.

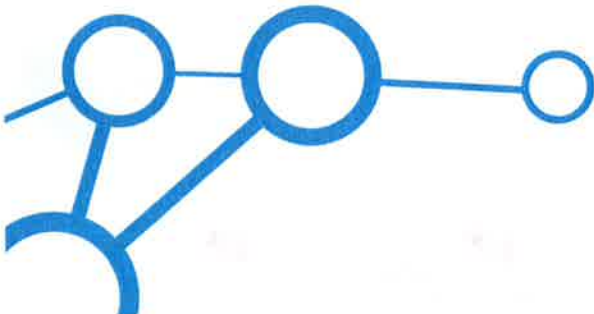
Inflation

Wherever possible, inflation of levy rates during the term should be resisted. Any inflation to be applied must be fixed to CPI or capped at no more than 2% per annum.

Levy

Levy rates must be kept to an absolute minimum and those paying must be assured of value for money.

Other than for industrial estates, banded levy arrangements are not to be included. Levy rates must be expressed as a percentage of rateable value, kept to an absolute minimum and returned to their originating amount for renewing BIDs. Such rates should normally be 1%, however occasional exceptions will be considered on the basis of annual levy income. To illustrate, if levy income is to be under, say, £150,000 per annum, a rate of up to 2% may be considered; if levy income is to be between £150,000 and £300,000 a rate of up to 1.75% may be considered; if levy income is to be between £300,000 and £550,000 a rate of up to 1.5% may be considered.



(D) FINANCIAL (CONTINUED)

Levy Collection Costs

Where possible these should be resisted or, at least, maintained at a minimum. The maximum permitted annual cost should be £35 per hereditament or 3% of billed levy, whichever is the lower.

Levy Collection Policy

It should be clearly stated whether levy will be collected on a 'daily charging' (reflecting changes in occupancy with refunds) or 'chargeable day' (no refunds). The latter is preferred if it results in lower costs of collection.

Operating Costs

A detailed description of what is included in overheads is required.

These should include, but not limited to, staff costs not associated with project delivery, accommodation, IT, professional fees, insurances, levy collection costs and other management and running costs. Other than in exceptional circumstances (that must be fully justified) they should not exceed 20% of total expenditure in any financial year.

Revaluation

Increases in rateable values should be capped to a maximum when calculating the BID levy; conversely, decreases in rateable values should be fully reflected in such calculations.

Threshold

A rateable value threshold should be included, particularly to exclude those hereditaments for which the cost of collection is uneconomic and/or they represent a non-trading entity.

Transparency

Arrangements should include annual financial accounts being shared with all levy payers, and a financial statement included with levy bills and published online.



USEFUL DOCUMENTS

CASE STUDIES

The partners have selected the following BID Business Plans as examples of how elements of the Industry Criteria & Guidance have been applied in the past.

Click the titles to find out more.

Watford Town Centre – first term (01/04/15 - 31/03/20)

Town centre including a major shopping centre, national retailers and independent retailers as well as office and some leisure.

532 hereditaments with an annual levy of £493,000. A “typical” town centre size BID with a good overall Business Plan which is informative but not excessive in text, and fulfils the majority of the criteria.

Penzance – first term (01/06/15 - 31/05/20)

Town centre covering retail, leisure and office sectors.

405 hereditaments with an annual levy of £160,000.

An example of a smaller levy income BID with a Business Plan that contains clear information covering the majority of the required criteria and good detail of the consultation process carried out.

Hammersmith – second renewal (01/04/16 - 31/03/21)

A London BID comprising of a large office sector, including multi-national company offices, national retailers and leisure.

347 hereditaments with a BID levy income of £729,000 per annum.

The information in the Business Plan is easy to read and covers the majority of the required criteria. The document clearly states the BID’s achievements and plans for the next five year term and the consultation that took place.

DOCUMENTS

The following documents are available from British BIDs via the following links:

**Technical Guide for Local Authorities
BIDs Guidance and Best Practice**

**The Nationwide BID Survey 2016
Guiding Principles for BIDs**

**The Business Improvement Districts
(England) Regulations 2004**



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www.britishbids.info

0845 112 0118 / CONTACT@BRITISHBIDS.INFO



