

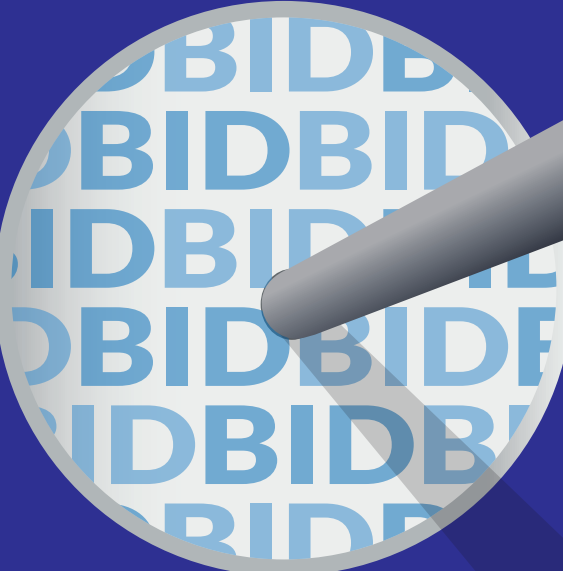
INDUSTRY CRITERIA AND GUIDANCE NOTES FOR BIDS

Updated 2015

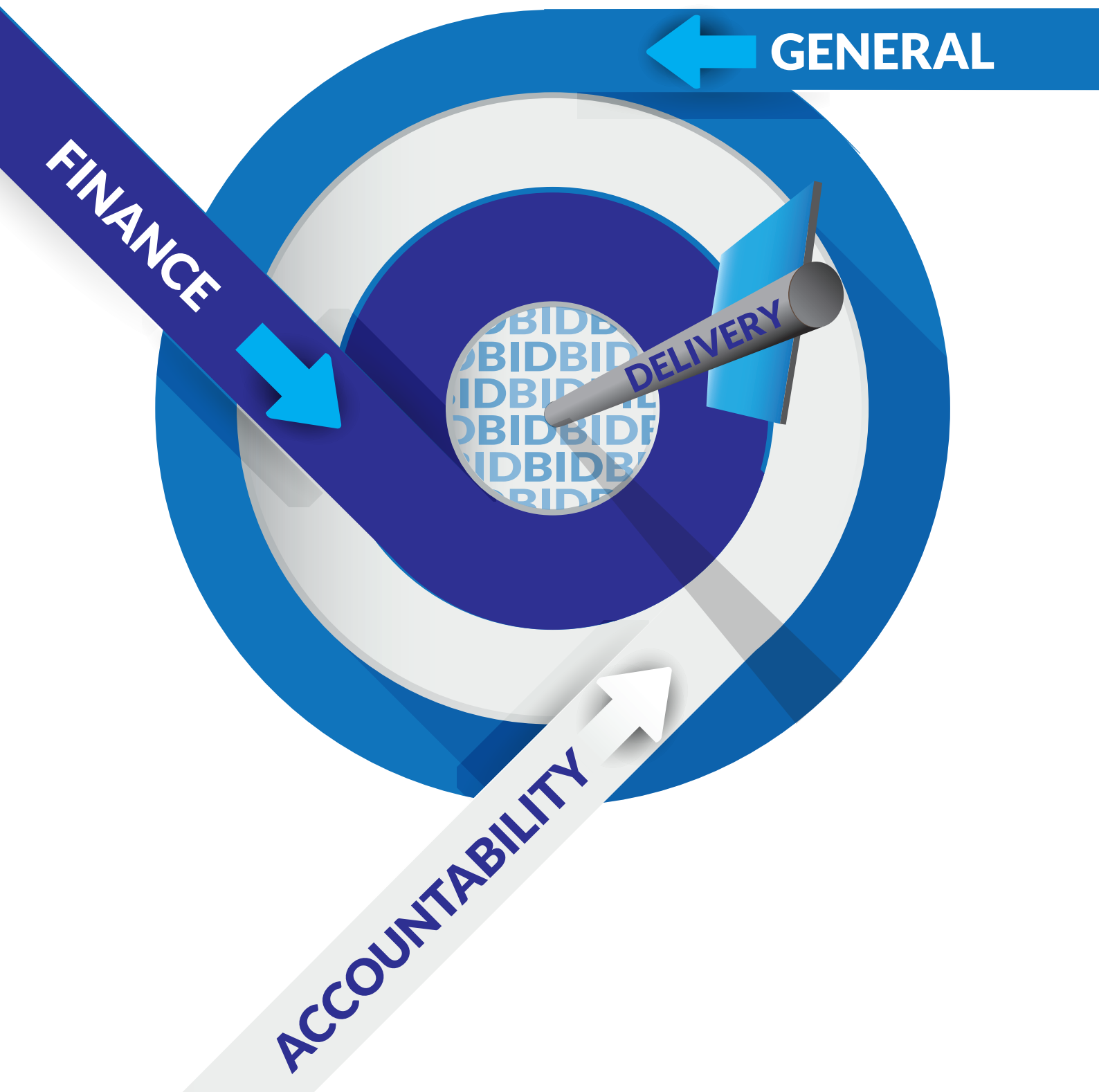
Produced by



On behalf of



CRITERIA



The 'essentials' for any BID Business Plan

Each business case will be viewed on its merits, and individual levy payers will be free to vote in accordance with their own views. However, those elements of a Business Plan that would normally be deemed to be essential are:

General

AIMS AND OBJECTIVES - the overall vision for the BID area and the way in which the proposed projects will combine to deliver this must be set out.

BID AREA - a description of the BID area should be given together with details of why businesses may share common interests and objectives, thereby leading to the BID Proposal.

TERM - the number of years of the BID term should be consistent with the time required to achieve the aims and objectives, and not assumed to be 5 years. The start date for the BID must be given.

HEREDITAMENTS - the total number of hereditaments to be liable for the levy should be given.

RENEWING BIDS - must demonstrate the impact and achievements of the BID to date, its achievements, together with planned changes. If the levy rate has been inflated it must return to a maximum of the originating rate. Retained surpluses must be shown as part of the budget.

Accountability

RESEARCH - the need for a BID and the projects proposed must be demonstrated through research amongst local leaders and managers within businesses who will be responsible for payment of a levy. Only this will ensure that local knowledge feeds into any business case for a BID. Methodology used and sample sizes should be disclosed.

CONSULTATION - liaison with head offices must be conducted as part of the final consultations on the proposed Business Plan. Head offices should play a distinctive role in shaping the scale and nature of any such Plan. Consultation with head offices ensures that voter details are obtained correctly, corporate guidance is adhered to, and the budget holder for any future levy payments is fully engaged.

ECONOMIC IMPACT – BIDs should improve the economic prospects of the area and the levy payers within it. The measurement of such impact will be a key measure as to the success (or otherwise) of the BID.

GOVERNANCE – the process for forming the Board and/or Committee should be set out, allowing levy payers to contribute to the management of the BID. Nomination, election and rotation policies should be made clear. The chair of the BID should be independent of the local authority. The overall governance of the BID should be representative of the business area covered by the BID. In some circumstances, it is accepted that the employment contracts of some local managers may not allow them to be Directors of the BID Company. This should not exclude them from an advisory role. The BID should be non-party political.

TRANSPARENCY – the Plan must set out how information, such as year-end financial accounts, will be made available to levy payers. Arrangements for electing the Board/Committee must be included. Processes for reviewing performance should be stated. Commitments should be given as to the information (e.g. Board minutes, AGM minutes etc.) that will be made publicly available.

ENGAGEMENT – plans should be set out to engage with and inform businesses throughout the term. This starts with working to achieve the highest possible participation in the ballot.

COMMUNICATIONS – details of methods of and frequency for communications to levy payers should be given.

AGREEMENTS – the Plan must state that an Operating Agreement with the Local Authority has been approved and that Baseline Agreement(s) are in place. These must be available for inspection.

BID PROPOSAL – evidence must be provided that the local authority has received and considered a full BID Proposal (which should have included a draft of the Business Plan) prior to agreeing to hold the ballot.

MONITORING PERFORMANCE – the methodology for transparently and, where appropriate, independently reviewing the impact of service delivery throughout the term should be given. Such analysis must concentrate on the true impact that the BID is having on its levy payers and the return on investment that they have received. The analysis should be made available to levy payers.

VARIATION – the process for making changes to service delivery and expenditure on such services should be evident.

BALLOT – the dates of the ballot must be provided, together with full details of the ballot arrangements.

NOTIFICATIONS – dates of notification to the Secretary of State and of Notice of Ballot should be provided.

CONTACT DETAILS – full contact details for named person(s) at the BID must be given to include a minimum of email and telephone.

WEBSITE – the Business Plan and other research, consultation and ballot materials should be available publicly on-line. Such transparency should continue throughout the BID term including, details of services, important documentation, mid-term reviews and contact details for the team and the Board/Committee.

Finance

BUDGET – a detailed budget for each year of the proposed term should be included. This should include relevant and stated contingencies on billed levy and on expenditure. Planned reserves should be set out.

OPERATING COSTS – the cost of running and managing the BID must be stated as a distinct line of the budget. This should include, for example, management staff, premises, levy collection, professional fees etc.

LEVY CALCULATION – the preferred method, other than in exceptional circumstances (e.g. some industrial estates), is for the levy to be calculated as a percentage of rateable value. The levy rate should be calculated as the lowest amount required to provide the services required by businesses and demonstrated through the research findings. Details of thresholds and caps should be given. If inflation is to be applied, the method of calculation should be stated. In those exceptional circumstances where a banded rate is proposed, the equivalent average levy rate (as a % of rateable value) must be given for each band.

LEVY CHARGING – the method for charging the levy should be clear and is usually either ‘daily charging’ (refunds are given) or ‘chargeable day’ (no refunds). If mid-year refunds are not available, this should be disclosed. The costs of levy collection (if any) should be detailed and analysed per hereditament and as a proportion of expected levy income. The Plan must also detail how a revaluation of business rates and/or a revaluation of a specific hereditament would be treated for BID levy purposes.

ADDITIONAL INCOME – the budget should include only that income that has been fully committed and should not include ‘in kind’ donations.

CONCESSIONS – any type of hereditament to receive either a full exemption or part discount should be detailed. Arrangements for untenanted properties should be set out. In particular, businesses within shopping centres where services charges apply should receive a proportionate discount if services proposed by the BID are similar to those funded through the service charge.

Delivery

SERVICES – the proposed services to be provided by the BID must be consistent with the research findings. The Plan should provide detail of each proposed service, including how it will be provided and the impact expected from it.

ADDITIONALITY – the proposed services must be in addition to those provided through business rates and should not replace such services. In addition, BID projects must be relevant to the business community. Any services to be transferred from the local authority to the BID must be detailed, including full justification.

ENVIRONMENT AND COMMUNITY – BIDs should seek to contribute to the wider environment and community in order that they contribute to improvements in the overall ‘liveability’ of the area.

PUBLIC SECTOR – it is imperative that the Business Plan represents predominantly business’ interests. The public sector should be engaged in the process and prepared to support the BID through engagement at Board/Committee level. Any services to be transferred to the BID from the public sector must be accompanied by additional income to fully cover their costs.

GUIDANCE



GUIDANCE

The 'desirables' for any BID Business Plan

It is accepted that each BID Business Plan will be different and solely relevant to its place. However, those aspects that are considered 'desirable' in all Plans are:

General

HEREDITAMENTS – in most town or city centre BIDs, the number of hereditaments should not exceed 700. The size of any BID may be made more manageable through consideration of a combination of the area, the level of any threshold and certain sector exclusions.

PROPERTY OWNERS – irrespective of whether they are legally responsible for the payment of any levy, as far as possible the owners of substantial and/or significant hereditaments – particularly shopping and leisure centres – should be engaged during the creation of the BID and thereafter. Discounts provided to tenants within managed shopping and leisure centres should be seen as an opportunity to agree a voluntary contribution from their landlords.

Accountability

RESEARCH AND CONSULTATION – every proposed levy payer, without exception, must be given the opportunity to participate in the research that should then inform the Business Plan. A minimum proven response and engagement rate of 45% is expected.

MONITORING PERFORMANCE – as a minimum, annual surveys of all levy payers and an independent mid-term review should be undertaken. A focus upon the impact that the BID may be having on levy paying businesses, and how this can be continually improved, is important.

QUALITY MANAGEMENT – an independent assessment of the BID's own management practices – including governance, controls and impact – should be undertaken at least once in each term.

COMMUNICATIONS – communications relating to the research, consultation and details of a BID ballot should be sent to local managers and head offices. During the term substantive updates, such as mid-term reviews, should also be sent to head offices. However, operational updates should be directed to the local level.

GOVERNANCE – the BID would most likely operate through a private limited not-for-profit company with Directors' details and members' lists held at Companies House. It should also be exempt from corporation tax liability on its levy receipts. Membership of the BID should be publicly available. In certain exceptional circumstances, other structures will be considered, although local authorities acting as the BID Proposer should be resisted.

VARIATION – levy area and levy rate proposals cannot be varied. It is desirable for BIDs to be able to adapt to changing business needs. Details of how any variation provision will be operated should be given.

Finance

ADDITIONAL FUNDING – throughout the term every effort should be made to use the availability of a levy to lever in additional funds. By the end of any 5-year term, additional income should be upwards of 15% of annual levy, exceeding 20% for renewed BIDs.

CONTINGENCIES – the budget should contain two (or the equivalent of two) contingencies for (a) non-payment of billed BID levy, and (b) excessive costs. It is recommended that the contingency for each is 5%.

RESERVES – by the end of any BID term, reserves should be no less than 10% of annual levy. Sufficient should be available to close down operations at the end of the term, should this be required. Unless additional funding has been committed to cover the costs of a renewal campaign

BALLOT – every effort should be made to maximise turnout to a minimum of 40% for first term BIDs, and increasing for renewing BIDs. To achieve this, the list of voters, rather than ratepayers, must be correctly identified and voters at head offices must be included. This reinforces the need for the widest possible research and consultation being undertaken.

REGISTRATION – as well as statutory notifications, it is recommended that the proposed BID is listed with British BIDs from where many levy payers derive their forthcoming ballot information.

and ballot, such costs should be accrued annually over the term to avoid a spike in costs and consequent reduction in service delivery in the final year.

OPERATING COSTS – these should not exceed 20% of total expenditure. Costs of collecting the levy are undesirable but, if required, should not exceed £35 per hereditament or 3% of billed levy, whichever is the lower.

REFUNDS – the method for collecting the levy may be 'daily charging' (mirroring business rates where refunds apply) or 'chargeable day' (annual amount paid in full with no refund). There is a recognised advantage in the certainty offered through 'chargeable day', particularly if this is combined with lower or nil cost of collection.

Delivery

RETAIL CRIME PARTNERSHIP – wherever possible, this should be provided as part of a BID and not at extra cost businesses.

And, finally, here are links to documents that will help you when developing your BID together with the 10 most frequently asked questions of businesses direct to developing BIDs. We hope that sharing them with you is helpful

 [The Business Improvement Districts \(England\) Regulations 2004](#)

 [Technical Guidance to Local Authorities](#)

 [Guiding Principles for BIDs](#)

 [Nationwide BID Survey](#)

1. Is the BID business-led and will it create a sustainable partnership with the public sector?
2. Has the BID engaged with all businesses at local and head office level?
3. To what extent has the research led to the proposed projects and services?
4. Are ballot papers being dispatched to the correct nominated voters?
5. Has there been full compliance with the BID Regulations, including registration and notification requirements?
6. How transparent will the BID's governance and reporting arrangements be?
7. How accurate is the budgeting, including relevant contingencies, appropriate cost allocation and the provision for reserves?
8. What proportion of expenditure is allocated to overheads?
9. How will quality management controls be put in place?
10. How do I get involved and who can I speak to?

Further Information

Details of the contributing organisations follow. Each organisation may continue to update its own criteria for BIDs at any time.

A joint project by:

BRITISH RETAIL CONSORTIUM (BRC)

www.brc.org.uk

The British Retail Consortium is the lead trade association for the UK retail sector and the authoritative voice of the industry to policy makers and the media. It represents retailing in all its forms in every UK nation. Its members sell a wide selection of products through centre of town, out of town, rural and virtual stores. The BRC aims to ensure that the UK's political and regulatory framework is such that retailers can maintain their outstanding record on job creation, consumer choice and product innovation.

BRITISH COUNCIL OF SHOPPING CENTRES (BCSC)

www.bcsc.org.uk

BCSC is the professional body for retail property – an authoritative voice for UK retail-led regeneration and for the management of and investment in shopping places.

It represents and supports 2,600+ members from all shopping formats and in all locations. The membership comprises of more than 450 individual businesses, including a large number of the FTSE 250, operating in the retail and retail property industries.

INTER BANK RATING FORUM (IBRF)

www.ibrf.org.uk/bids

The IBRF is a ratepayers' forum comprising representation from most of the financial community in the UK and includes all the major Banks and Building Societies, plus The Royal Mail. The IBRF Members' property interests are located in virtually every town and city in England, Wales, Scotland and Ireland.

THE FEDERATION OF SMALL BUSINESSES (FSB)

www.fsb.org.uk

The Federation of Small Businesses is the UK's largest campaigning pressure group promoting and protecting the interests of the self-employed and owners of small firms. Formed in 1974, it now has 200,000 members across 33 regions and 194 branches.

BRITISH PROPERTY FEDERATION (BPF)

www.bpf.org.uk

The British Property Federation is the membership organisation for the UK real estate industry.

We represent all those involved in real estate ownership and investment.

We work with Government and regulatory bodies to help the real estate industry grow and thrive, to the benefit of our members and the economy as a whole.

Because our membership is industry wide, we can provide Government and regulators with the knowledge they need to make decisions.

BRITISH BIDs (Bb)

www.britishbids.info

British BIDs is the national membership organisation for the BID industry. It operates as the voice for BIDs and delivers quality standards to the industry.

It brings together BIDs and stakeholders to share in joint learning and inform future BIDs policy across the country. It keeps members up-to-date with the latest news and legislative developments relevant to the BID industry. It also assists members who are developing BIDs or making decisions with regard to BID policy or best practice.

If you have any additional questions or require further clarification, please contact:

EMAIL: contact@britishbids.info

TEL: **0845 112 0118**