

# Industry Criteria and Guidance Notes for BIDs

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Produced by:



**BRITISH RETAIL CONSORTIUM**  
for successful and responsible retailing



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# 1. Introduction

The dramatic growth in the numbers of Business Improvement Districts (BIDs) continues. The success of the model is, perhaps, best proven by the vast majority succeeding at renewal.

The BRC, IBRF, FSB and BCSC support the concept where the benefits to their members justify the levy charged in any location.

With so much evidence now of what works, this updated version of the only industry-wide Criteria and Guidance Notes is further assistance to those developing and renewing BIDs.

Explaining and justifying the business case is of paramount importance. In so doing, understanding the minimum expectation of levy payers is vital.

To achieve and sustain a BID, the majority of businesses in any location must be supportive of the Business Plan at a ballot.

Therefore, this Criteria and Guidance will help developing and renewing BIDs appreciate what their voters will be looking for when considering their vote.

## 2. 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:

### Business Case –

The requirements for a BID, and for the specific services to be offered, must be clearly demonstrated by detailed reference to full research amongst local businesses, and consultation with Head Offices. Such research and consultation must be shown to provide evidence for each strand of the proposed delivery. Both should be fully notified at all stages. Sample sizes, together with response rates, must be explicitly detailed. Local representatives will be able to contribute through their detailed knowledge of the locality. Head Offices should play a distinctive role in contributing specifically to the scale and nature of any Business Plan e.g. the levy amount, any proposed discounts, broad objectives etc. Sufficient time must have been provided for businesses to respond.

### Budget –

A transparent and detailed budget for every year of the proposed BID term should be given, including all management/operational costs and any collection costs. Such costs should not exceed 20% of overall expenditure in any year of the term.

### Additionality -

The services to be provided must be (a) exclusively additional to those already being provided by the Local Authority and other relevant service providers, and (b) relevant to the business community. Evidence in the form of baseline agreements must be available to all levy payers, and these should make it clear that the proposed BID will not duplicate or replace existing services.

### Levy Calculation –

The levy should be calculated as a percentage of the rateable value (RV). The only exception should be industrial BIDs where banded arrangements may be considered. In all cases the levy should be kept to a minimum throughout the term.

### BID Proposal -

Evidence should be provided that the Local Authority has approved a detailed BID Proposal (which must include but is not limited to the Business Plan, and may also include information such as cash flow forecasts, property and street listings etc subject to the detailed requirements of the local authority) in accordance with the full requirements of the Regulations. This Proposal should be available to any levy payer requesting it.

### Public Sector –

In addition to the support of the Local Authority being evidenced by approval of the BID Proposal, any additional financial support should be clearly identified. Together with any role they may have on the BID Board or Committee. If services are transferring from the Local Authority to the BID, they should be fully funded by way of additional income support.

### Costs –

Assuming that the levy is calculated as a percentage of RV, levies of up to and including 1% of RV will be considered favourably. However, it is appreciated that some smaller BIDs will require a greater degree of flexibility and could not operate with a levy of up to 1%, given the income that would be derived from the cumulative RVs available. A levy of more than 1%

would need to be fully justified in a detailed way and presented as an exceptional case. It is unlikely, even in smaller locations with lower levels of RV, that a levy of more than 2% would prove acceptable in any year of the BID term.. Additional income is expected to maintain the lowest levy rate possible.

### Revaluation –

The Business Plan must detail how a revaluation of business rates and/or a revaluation of a specific hereditament would be treated for BID levy purposes.

### Performance Measurement –

The BID levy should be viewed as an investment by businesses, in return for which tangible benefits over the period are expected. Systems of reporting the benefits (or otherwise) derived through any BID must be a commitment, together with a methodology for how the real impact of each BID project will be analysed. An independent assessment of the performance and impact of the BID should be conducted at least once before the mid-way point of the term, with full results made available to all levy payers.

### Discounts –

Occupiers of managed shopping/leisure/office centres where additional service charges covering management, security and marketing apply should be subject to a reasonable and significant reduction in the levy which would compensate for such existing costs. A contribution making up all or the majority of the amount of any discount is expected from landlords of the centres to which such discounts are applied.

### Retail Crime Partnership –

The delivery of an effective Retail Crime Partnership (which may include, but will not be limited to, radio security systems, known offender information and a dedicated on-street presence in certain urban centres) should be a central component of any town or city centre BID area.

### Management –

The BID must be business-led and managed, it must be a not-for-profit organisation, it should be independent of the Local Authority, and be managed through a Board/Committee (or similar) which has a majority of business stakeholder representation and which is chaired by a representative from the private sector. The Business Plan must include details of suitable Board/Committee election and rotation policies.

### Ballot –

BIDs should confirm whether the vote will be taken at local or Head Office level and endeavour to make arrangements with the ballot holder accordingly. Unless advised otherwise by the voter, it is expected that, for multiple retailers and larger businesses, the ballot papers would be sent to the Head Office location and to the correct named contact.

### Notifications –

Businesses should have been fully engaged in the development of the BID Business Plan at local and Head Office level. The final Business Plan should be publically available and distributed to all levy payers participating in the ballot no later than Notice of Ballot being issued. Head Offices should always be notified, with receipt of notification preferably obtained. In accordance with the Regulations, the Secretary of State must be properly notified of any intended BID ballot. The BID Proposer must evidence within the Business Plan that every effort has been made to widely publicise and seek the maximum participation in the ballot.

### Additional Income –

The budget should include details of additional and committed income. No speculative, non-committed income should be included. It is appreciated that property owners' participation in BIDs is not a legislative requirement. However, wherever possible, property owners should be engaged in the process and encouraged to support. In addition to any voluntary contributions, the positive support of property owners is preferred.

## 3. 'Desirables' for any BID Business Plan

In addition to the 'essentials', there are preferred aspects which include:

### Additional Funding –

A BID should not rely solely upon the levy to fund projects. It should be supplemented by additional guaranteed funding. It is appreciated that this may be limited in any start-up BID, but evidence of growth in additional funding over the lifetime of a BID is expected. It should be shown how the availability of additional income has been used to keep the levy rate to a minimum.

### Operating Costs –

Other than in exceptional circumstances, centralised operating costs (i.e. the costs of administration, office accommodation, centralised staff, levy collection etc) should not exceed 20% of total expenditure. If costs exceed the 20% limit, a full explanation should be provided. A 'centralised cost' is defined as something which cannot be wholly attributed to any one aspect of the BID's delivery. Management costs should be transparent in the budget for any BID.

### Empty Property Relief –

If a hereditament becomes untenanted, the freeholder should become responsible for payment of the levy until a new tenant is found.

### Refunds –

The method to be used for collection of the levy should be given. Either, payment of the BID levy should be calculated

on a 'daily charging' basis and so mirroring the NNDR system. This would mean that a refund is made if a property is disposed of and liability transfers. Or, the payment of the levy should be based upon a 'chargeable day' with no refunds made during the year. If charges are to be made for collecting the levy, they should be considerably lower for the 'chargeable day' method.

### Contingencies –

The BID should be able to achieve its objectives with a budget for a collection rate of less than 100% of the chargeable levy. The budgeted collection rate should be explicitly stated. Budgeting based upon a collection rate of 95% is advised. The budget should also contain a contingency of no less than 5% on expenditure.

### Exclusions -

A minimum threshold of RV should be put in place beneath which hereditaments are exempt from the levy. This should particularly ensure that small hereditaments are excluded if the cost of collection would make their inclusion uneconomic.

### Collection Costs –

The costs of collecting the levy should be kept to an absolute minimum, or ideally should be at no cost to the BID. The Local Authority must have provided a detailed explanation of any administration costs to be reclaimed. Any such costs must be explicitly detailed. If charges are necessary, they should not exceed £35 per hereditament, or 3% of levy income, whichever is the lower.

### Environmental and Community Benefits –

Whilst every BID should seek to improve the economic prospects of its area and for each levy payer within it, wider environmental and community benefits to improve the overall 'liveability' of the area should be considered and referenced, as appropriate..

### Registration –

Details of proposed ballot dates should be provided both to the Secretary of State and to British BIDs, who maintain a register for the BRC, IBRF, FSB and BCSC.

### Re-Ballot –

Other than in exceptional circumstances, it would not be expected that any re-ballot, following a failed ballot, would be held within 12 months of the original outcome.

### Politics –

The BID should be non-political.

**Note: Failure to mention any of the 'essential' or 'desirable' elements will be assumed to mean that they are at variance to the Criteria, and this may affect the final voting decision of levy payers.**

## 4. Guidance for the BID Business Plan

Each BID Business Plan should be explicit and transparent about the following aspects:

### (a) About the BID

#### Business Case -

The need for the BID should be clearly demonstrated through robust research and consultation at both Head Office and local level (see also 'Criteria – Essentials', above). The sample sizes and responses from each element should be detailed.

#### BID Aims and Objectives –

The overall aims and objectives for the BID, and the resultant impact on businesses.

#### Themes –

The main objectives of the BID (short and long term) and full, costed details of the projects that will achieve these objectives.

#### Number and Type of Hereditaments

The number of hereditaments to be subject to the levy and a description of the BID area (including a map) is required in every Business Plan. A realistic and manageable BID in any town or city centre is likely to include between 300 and 700 businesses, although this will depend on each location. BIDs of larger than this may be considered but clear reasoning must be provided.

#### Term -

The term of years for the proposed BID, with a clear start and end date.

## (b) Cost of the BID

### Levy Rate -

The method of calculation for the levy, and the valuation date and rating list being used (if applicable). In addition, the amount of levy that is budgeted to be collected in each year of the BID should be given

### Inflation -

The actual rate of inflation (if any) applied to the levy in each year of the BID, or the method of assessing such inflation which may be applied.

### Income –

Sources of only committed and guaranteed income in addition to the levy should be detailed,.

### Discounts –

Whether any occupiers would receive a discount on the headline levy rate, particularly occupants of shopping/leisure/office centres where services already provided through service charge arrangements may apply. Discounts for charitable organisations or others should be referred to.

### Exemptions –

Details of any hereditaments that are exempt from the levy should be given.

### Operating Agreement –

Confirmation that an Operating Agreement with the Local Authority will have been entered into prior to the start of the BID.

Access to this should be provided, if required.

### Untenanted Properties –

What levy should apply on untenanted properties and from whom it is collected.

### Operating Costs -

The centralised operating costs of running the BID should be shown separately within the budget.

### Contingencies –

Details of margins for uncollected levy and for over-expenditure on projects. The total amount of levy to be billed should be detailed if it differs from the budgeted amount to be collected, to reveal the collection rate applied.

### Refunds Policy –

The circumstances in which any refund on the BID levy would apply (if any).

### Baseline Agreements –

Confirmation that agreements have been entered into with current service providers to ensure that BID services are additional to existing provisions and that such additional provisions will be preserved. Access to these should be provided during and after the ballot, if required.

### Budget –

The budget for each year of the term of the BID, setting out each anticipated strand of income and expenditure, the contribution in each year, a cashflow forecast and any resultant surplus. This should include the anticipated costs of any renewal ballot and/or the termination costs of the BID if a renewal is unsuccessful or not sought.

### Collection Charges –

Any costs associated with the collection of the levy.

### Threshold and caps –

Any minimum threshold (if any) beneath which a levy would not apply and/or any maximum limit above which no additional levy is charged must be detailed

## (c) Management of the BID

### Company Structure –

The BID should be operated through a not-for-profit company which has the capability of being partially/wholly exempt from Corporation Tax.

### Governance Arrangements –

The arrangements pertaining to formal membership of the BID, election to the Board/Committee (or other), election of the Chair, and Annual reporting mechanisms.

### Ballot Dates –

The exact dates of the ballot period and the date and time of the close of ballot.

### Performance Management –

The methods to be used to assess the effectiveness of the BID and the return on investment for levy payers. All projects should have clear, timed and measurable targets.

### Variation Policy –

Any formal variation policy should be detailed, together with any requirements for an alteration ballot (if applicable) which, as a minimum, should be any alteration to the BID area and/or to the levy rate.

### Accreditation –

Whether the BID proposes to seek British BIDs Accreditation during the term.

## (d) Renewing BIDs

### BID Proposal -

Evidence should be provided that the Local Authority has approved a detailed BID Renewal Proposal (see reference in 'Section2') in accordance with the requirements of the legislation relating specifically to renewal ballots.

### Historic Performance -

Clear reference to the previous Business Plan should be provided, together with evidence of delivery against the planned services, and an analysis of the impact on the BID area and for those businesses within it.

### Future Performance -

The Business Plan must inform as to how the scale of delivery will be change in any renewed term, which should include a summary of performance against the previous Plan.

### Changes -

A clear outline of any differences between existing and proposed services and/or the previous BID area should be given, together with reasons as to why such changes have been made.

### Impact -

The impact that the BID has made is an important additional consideration at the renewal stage and should be included in any Renewal Business Plan. Impact measures should be used to demonstrate this. Proven cost-neutrality for businesses who pay the levy is preferred.



### Levy -

Irrespective of any inflation that may have been applied in the previous term, it is expected that the rate of levy would be adjusted to the minimum required, taking into account ongoing additional income commitments. Reference to the originating levy rate should be given and an explanation provided if a return to this rate is not proposed.

### Additional Funding -

There will be greater expectation of additional funding streams being provided from renewal. The majority of renewing BIDs would be expected to be able to demonstrate proven, additional annual income streams as evidence of this. (Note: a guideline would be for the total of such additional income throughout the term to be between 20% and 30% of budgeted levy income as a minimum).

### Costs and Outputs -

The effects of work to reduce the costs of operation should be evidenced. In addition to core project delivery, the BID should demonstrate how it has used the availability of the levy to attract new investment to the BID area and, where appropriate, to encourage new property development. It should show how such work will be continued and increased further during any renewed term.

### Accreditation –

Whether the BID has been successful in obtaining British BIDs Accreditation and Advanced Accreditation during the term.

### Contingencies –

In addition to contingencies explained elsewhere, the amount of any carried forward surpluses from the preceding term of the BID should be shown within the budget for a renewing BID.



## 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](http://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.

### The Federation of Small Businesses (FSB)

[www.fsb.org.uk](http://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 Council of Shopping Centres (BCSC)

[www.bcsc.org.uk](http://www.bcsc.org.uk)

BCSC is the professional body and authoritative voice for retail-led regeneration and for the management of and investment in shopping places. They provide a valuable business forum for all sectors of their membership.

### Inter Bank Rating Forum (IBRF)

[www.ibrf.org.uk/bids](http://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.

Written and published on behalf of the BRC, FSB and IBRF by:

### British BIDs

[www.britishbids.info](http://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.

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