

THE 2019 NATIONAL BID CRITERIA

INDUSTRY GUIDANCE FOR THE BUSINESS
PLANS OF DEVELOPING AND RENEWING
BUSINESS IMPROVEMENT DISTRICTS (BIDS)

PRODUCED BY



BritishBIDs™



FOREWORD

There are over 300 operational BIDs in the UK, and it is clear that there is still strong growth in BID numbers as the benefits become clearer.

BIDs are becoming key players in their local business communities, delivering services to all the members of their local business community, and bringing together and working with Local Authorities, national businesses and the independent businesses. BIDs are becoming more responsive to their professional levy payers, such as legal and financial services, estate agents, web designers and internet companies, who are becoming increasingly important players in town and city centres. Regrettably, there is always the occasional BID failure at either the development or ballot stage.

At the same time, National Levy payers are recognising that the cost of their levies across the country are becoming increasingly substantial. They are rightly scrutinising BID Proposal documents and business plans to ensure that they are getting best value for money and that each proposal makes intellectual and commercial sense.

Thus, British BIDs has updated the National Criteria. They are produced on behalf of the National BIDs Advisory Board by a sub-group of BIDs, Local Authorities and National Levy payers, to ensure that BIDs, from the early development stages through to the final proposal and business plan, undertake all the right processes and services for all levy payers, and that all the regulations are properly followed. Whilst the Criteria will be of interest and relevance to BIDs at different stages of their development, they focus particularly on developing and writing the Proposal and Business Plan.

It is the National Levy payers that in many of our towns and cities play a major role in supporting and sustaining BIDs, and their levy payments are an important part of the national investment in town centres. These Criteria sit alongside the National Guiding Principles for a BID, The Technical Guide for Local Authorities, the newly published Policy Guides from British BIDs, and the Business Improvement District (England) regulations 2004 to ensure that BID teams and their boards give the best information that they can throughout the ballot and initial start-up process. These documents are all provided with their links at the end of these Criteria.

These Criteria act as both guidance for BIDs themselves, but crucially are also used by many national voters when considering voting decisions on ballots. Indeed, some National Levy payers have specific criteria of their own, which British BIDs can advise on. British BIDs also provides a Draft Business Plan Review Service to its members whereby it checks draft proposal documents against these criteria. The criteria have been designed in an easy-to-read format as a simple checklist of all the points in alphabetical order. We hope that you find them helpful.

PROCESS FOR DEVELOPING OR RENEWING A BID

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:



BUSINESS PLAN CHECKLIST

The BID Regulations [2004] include reference to two documents: a Proposal document and a Business Plan, which is included within the BID Proposals. The full Proposal document is essential for the Local Authority. Best practice, combined with the expectation of levy payers, is that the detailed Business Plan, summarising and the consistent with the full Proposals, should always be prepared and distributed to everyone who will take part in the BID Ballot.

Whilst each business case should continue to be viewed on its own merits, and individual levy payers remain free to vote in accordance with their own views, the minimum requirements to be contained and set out in a detailed form within any BID Business Plan during 2019 should be:

| ITEM | DEFINITION | GUIDANCE |
|----------------------------|--|---|
| Aim | The overall objectives that the services, when combined, are aiming to achieve for the place both in the short and long term. | The aims should be realistic and achievable by a BID on its own or through collaboration with partners over a specific time period. |
| Appeal | The Secretary of State may declare void a BID ballot, renewal ballot, alteration ballot or re-ballot if it appears that a material irregularity has occurred. | Within 28 days of the Ballot declaration, the BID body, the relevant billing authority or at least 5 per cent of the number of persons entitled to vote, can make a request to the Secretary of State specifying the reason for such a request. |
| Ballot Arrangements | The arrangements, as described within the Notice of Ballot, relating to the Ballot. | To include, as a minimum, (a) the proposed date for distribution of ballot papers, (b) the first and last dates of ballot, together with the total number of ballot days, and (c) the proposed date of announcement of the ballot outcome. |
| Ballot Process | The Ballot is for a minimum period of 28 days. | A commitment that the BID Proposer and the Ballot Holder will work together to maximise awareness of the ballot outcome, particularly amongst those who will be liable for any future levy. |
| Ballot Declaration | The Ballot result, to be declared by the Ballot Holder as soon as is practicably possible after the close of Ballot. | The Declaration is made by the Ballot Holder, very often the day after the close of the Ballot as a formal declaration with the various voting figures. Best practice suggests that all those taking part in the Ballot should be advised of the outcome by the BID proposer. |
| Baseline Statements | Those services provided within the BID area by the public sector, and funded through business rates, and to which the BID proposes to add. It is essential that all BID services are additional to the statutory and accustomed local authority provision. | A summary of any baseline statements (those relevant services the BID proposes to add value to), together with details of how they can be viewed in full, for example through the BID website. |

BUSINESS PLAN CHECKLIST

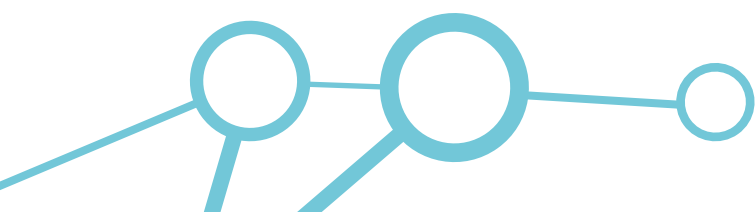
| ITEM | DEFINITION | GUIDANCE |
|----------------------|---|--|
| BID Area | An illustration (or map) and description of the proposed BID area. If the proposed BID extends beyond a single billing authority's area, this should be stated. | Businesses should be contained within a clear geographic area and share common interests and objectives. The area must not be artificially extended or modelled so as to include hereditaments with high rateable values. |
| BID Body | Full details of the proposed BID Body, and whether it is to be a local authority, a partnership (or similar) or a corporate entity. The BID Body must be named before any ballot takes place. | <p>Transparency should be borne in mind when deciding upon the type of BID Body and a corporate entity is preferred, managed primarily by the private sector.</p> <p>BIDs operated by Local Authorities should be discouraged as private Limited Companies have major advantages.</p> <p>Articles of Association are required for a company formed in the UK under the Companies Act 2006 and previous Companies Acts. The articles should describe in detail how the company is to be managed and governed.</p> |
| BID Proposals | The BID Proposal is the full set of documents needed to set up the BID. Details of access to the full Proposals should be included in the Business Plan. | It will include, at least, the full list of services being provided, the geographical area, baseline statements, an explanation of how the amount of the BID levy to be levied is to be calculated, the duration and start date of the BID. |
| BID Proposer | The individual(s), local authority or corporate body proposing the BID arrangements. The Proposer is not necessarily the Business Improvement District Body. | <p>It should be demonstrated that the Proposals are being led by the business community.</p> <p>To include contact details email, phone and website.</p> |
| Budget | The budget and cash flow for the proposed BID term. | An income and expenditure budget for each year of the proposed term, showing levy income separate from other income, and the costs of each strand of delivery, including costs of operation (Including levy costs, if any) shown separately. |
| Business Plan | This should be a separate document sent to all potential levy payers as part of the Ballot campaign. | The Business Plan should be founded upon, but not replace, the full set of BID Proposals. The two documents should be accessible on the BID website. |
| Category | The nature of the BID (e.g. town/ city centre, coastal, tourism, industrial etc.). | Business occupiers should have a commonality of interest, which should be clearly articulated. |

BUSINESS PLAN CHECKLIST

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|-------------------------------|---|---|
| Caps | The maximum amount that any levy payer (cumulatively across hereditaments) or anymore hereditament might be liable to pay in any year. | Used to ensure a minority of levy payers do not pay a disproportionate percentage of the BID budget. This needs to be identified through research and consultation to ensure that equity and fairness is evident. |
| Communications | Proposals for communicating with levy payers throughout the term. | Best practice suggests at least monthly email (or similar) updates from the moment the BID goes live, an annual review, and an annual AGM or similar meeting. |
| Community Partnerships | Details of how the wider community is to be engaged. | The BID should demonstrate that it has engaged with a range of partners such as Local Authorities, Crime Partnerships, Chamber of Commerce and other organisations whose work may overlap with the BID. Whilst it is recognised that the BID is about supporting levy payers who are primarily private sector businesses, the BID should demonstrate that it operates within and is supportive of the wider community and will operate in the public interest. |
| Concessions | These are discounts on any levy applied to a hereditament. They are most commonly applied to businesses within shopping (or leisure) centres with service charges, or to charities. | Appropriate but equitable discounts for shopping/leisure centres should be applied where the BID proposes similar services (e.g. cleaning, safety, marketing etc.); charitable discounts need not mirror business rates concessions and may be differentiated between trading premises (e.g. charity shops) and non-trading (e.g. charity administration, theatre, universities etc.) |
| Contingencies | The amount (if any) of contingency for non-collection of billed levy, together with other contingencies on costs should be explained. These are separate from any reserves the BID may have built up over time. | Contingency on billed levy should be no less than 5% (or up to 10% for new BIDs) as evidenced by previous collection rates; a contingency of between 5% and 10% should be applied to expenditure. Some local authorities hold back a separate contingency for uncollected levy amounts and potential reimbursements due after the BID term, and therefore the BID should take account of this. |
| Costs of Operation | Shown as a distinct expenditure item within the budget, these include staff, premises, professional fees, levy collection fees etc. | These should generally not exceed 20% of total expenditure; smaller BIDs (under £200,000 levy p.a.) may allocate part of their staff costs to service and project costs as long as this is clearly explained. |
| Exemptions | Details of any types of business occupier that is not to be charged. These might include Schools, places of worship or other similar bodies. | These should be introduced only in exceptional circumstances, be justifiable and not advantage one occupier at the expense of another. |

BUSINESS PLAN CHECKLIST

| ITEM | DEFINITION | GUIDANCE |
|------------------------|---|--|
| Governance | The arrangements for governing and managing the BID Body, forming the Board (or similar, plus other groups), and selecting the Chair. | <p>These must be mirrored within the Company Articles. The BID Board (or similar) should be exclusively or primarily made up of levy payers and not dominated by one sector or organisation.</p> <p>It should be chaired by a private sector representative and should operate transparently.</p> <p>Boards should try to reflect the diversity of the local BID area to ensure commercial sense and inclusivity.</p> <p>Specific terms should be applied to Senior Local Authority Officers or Councillors that are to be appointed to the BID Board.</p> |
| Hereditaments | The proposed number of hereditaments, that is those premises paying non-domestic rates, to be subject to the levy, together with any exemptions. | This will be affected by the plans on thresholds, caps and exemptions for each BID. The median number across all UK BIDs is 400 (BID in the British Isles 2018). |
| Income | <p>The budget should identify levy income, separate to income from any other sources.</p> <p>The budget should not include any in-kind or similar contributions.</p> | <p>Including speculative income should be avoided.</p> <p>The average annual levy receipt expected should be stated.</p> |
| In-kind Support | Non-financial contributions that may have a financial benefit, such as office space for the BID, or marketing support. | This is to be encouraged and explained but should not be included in any budget. |
| Inflation | The proportion (if any) by which the levy rate will increase in any year. This must be clearly identified in the Proposal document and must be consistently applied throughout the term of the BID. | This should be justified and limited to no more than CPI (Consumer Price Index). |
| Levy | The method by which the charge to any levy payer is calculated. | Recommended as a % of rateable value rather than any fixed or banded rate, with the exception of smaller and/or industrial BIDs. |
| Levy payers | Those tenants and owners of hereditaments in the BID area who will pay the annual levy | <p>Some levy payers may have multiple hereditaments and thus multiple votes.</p> <p>Many national property owners and tenants have a pivotal role in any BID and will need to be consulted at local and head office level.</p> |



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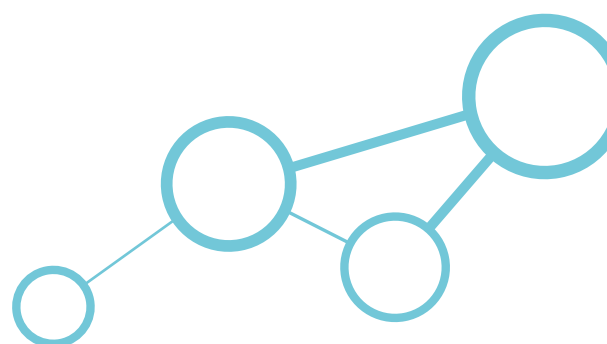
| ITEM | DEFINITION | GUIDANCE |
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| Levy Collection Costs | The charge (if any) to be made by the local billing authority to collect the levy each year. System or software cost reimbursement is to be excluded and shown separately, with a statement on how it will be repaid. | Costs should be kept to an absolute minimum. If charged, they should not exceed £35 per hereditament or 3% of the billed levy, whichever is the lower. |
| Levy Collection Policy | It should be stated whether the levy is to be charged on the basis of 'daily charging' (reflecting changes in occupancy with refunds) or 'chargeable day' (no refunds). | The method resulting in the lowest cost of collection for the BID should be agreed. 'Daily Charging' requires a clear operating statement agreement as to how the vacant property and the next incoming tenant is charged, otherwise income may be lost. |
| Local Authority | The Local Authority as a BID Proposer and/or BID Body is to be resisted as BIDs should be business led bodies. | Local Authority participation on BID Boards (or similar) is acceptable, though not as Chair and not so that undue influence can be used. |
| Local Billing Authority | Details of the local billing authority, normally the taxation department of the local authority. | An Operating Agreement should be entered into to clarify the arrangement between the BID Body and the Councils levy collection processes. |
| Membership | Assuming that the BID Body is to be a corporate entity, the members of the BID Body. This is not necessarily the levy payers, and full details need to be identified in the Company Articles. | The BID Body should sort out the Membership policy for levy payers who will then obtain voting rights. The Articles is the document that sets up the company and sets out how the company is run, governed and owned. |
| Monitoring Performance | The means by which the BID will assess its performance against the Business Plan. | The Plan should include measurable and time-related targets, periodic (generally annual) progress reports, reviews with Council Officers regarding levy collection under the Operating Agreement, surveys of levy payers and at least one independent review of performance during the term. British BIDs Accreditation is a useful way of evidencing performance standards. |
| Operating Agreement | The legal contract between the local billing authority and the BID Body setting out the arrangements between them, particularly in relation to levy collection and oversight. | This should serve for the full life of the BID. It should form the basis of a strong working relationship between the Parties and should be agreed and entered into (subject to the Ballot outcome) ahead of the Ballot period and includes within the BID Proposal. |

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| Projects and Services | A detailed description of the proposed services. | Include evidence that the services are supported by research, and will collectively deliver the overall aim of the BID. |
| Re-ballot | A further attempt at a Ballot following an unsuccessful outcome or a Ballot declaration being declared void. | Details of any prior failed or void ballot should be clearly stated and explained, including dates. Amendments within the new Proposals should be set out along with updated research evidencing need. Re-ballots within 6 months of prior declarations are to be resisted. |
| Renewals | For BID Bodies seeking a further term (whether by way of renewal or otherwise), the detail of any changes to the existing arrangements that are being proposed (e.g. to the BID area, to the levy rate, thresholds etc.). | Caution: a renewal (as defined by the Regulations) is a like-for-like Proposal. The BID boundary, levy rates and the like have to be exactly the same as existing. It is thus rarely seen and most 'Renewal ballots' are actually new Ballots, although the short hand is often used. Proposers should state the type of Ballot being conducted. |
| Reporting | A commitment to the method of reporting to levy payers on the affairs of the BID Body. | This should include, as a minimum, an annual report, an independent mid-term review, annual levy payer meetings (or AGM), and publication of financial statements. |
| Research and Consultation | The research methodology applied should be explained, together with sample numbers of responses to evidence thorough and extensive engagement, both at local and head office level. | <p>Prior to publication of the Business Plan it is essential that active engagement and response has been received from at least 50% of those that will vote in the ballot, using the most appropriate research methods.</p> <p>The research must evidence the need for the BID and the proposed services.</p> <p>Head office voters must have been given the chance to contribute to the consultation (British BIDs holds lists of Head Office voters) and the BID must also engage with local managers.</p> |
| Reserves | The amount retained by the BID Body and carried forward from one year to the next. | <p>The BID Body should adopt a prudent reserves policy of between 5% and 20% of income.</p> <p>Private Limited Companies are able to retain reserves, Community Interest Companies [CIC] may be more constrained .</p> |

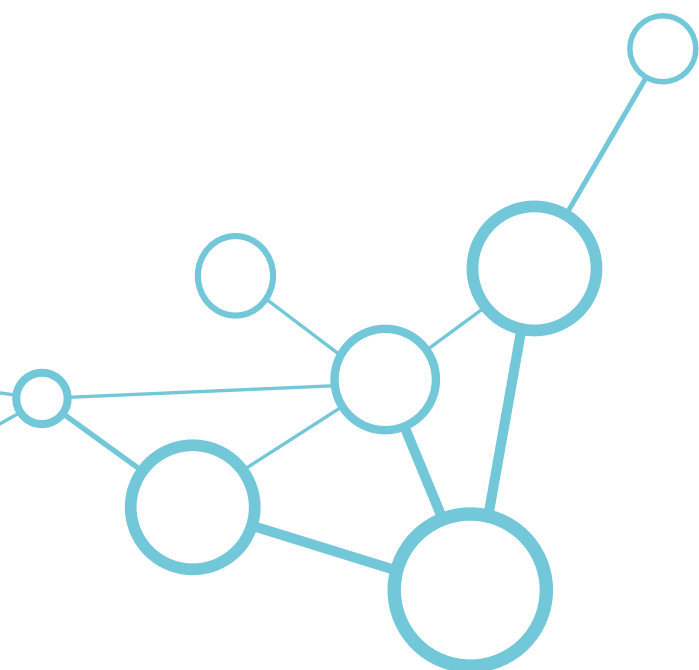
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| Revaluation | <p>The treatment (if any) of formed rating revaluations of hereditaments during the term.</p> <p>There should be clarity on which ratings list is being used throughout the BID term; whether this is fixed or adjusted when there is a new ratings list.</p> | <p>Fluctuations in rateable values should be reflected as they occur (or at the next charging period) wherever possible.</p> <p>BIDs and local authorities may have different policies views on reflecting changes in Rateable Value, either at the normal three-year review or mid-term as properties are adapted, and these need to be carefully articulated so that all levy payers know which ratings list is being used.</p> |
| Service Transfer | <p>Those services delivered by the public sector that may transfer into the BID.</p> | <p>These should be separately detailed, with separate Service Level Agreements, and the means of funding (non-levy) explained and committed.</p> <p>Where services are transferred during the term of a BID these need to have been supported by clear rationale or an evidence base and enabled under BID alteration/variation arrangements.</p> <p>Levy should not be used to fund these additional transferred services.</p> |
| Set-up Costs | <p>The development costs of establishing the BID.</p> | <p>The budget should include the amount of any set-up costs that are to be repaid and the repayment period.</p> |
| Statutory Notices | <p>Statutory Notices (including dates of issue) as required by the BID Regulations.</p> | <p>These are (1) notification of Ballot to the Secretary of State, (2) notice from the BID Proposer to the billing authority requesting a Ballot is held (3) Notice of Ballot by the Ballot Holder.</p> |
| Surpluses and Deficits | <p>The end of year financial position of the BID Body.</p> | <p>The budget should make clear the annual surpluses and deficits (if any) and how these affect any reserves. Normal Companies House rules and protocols should be followed, and an accountancy firm used to produce the annual accounts</p> |
| Term | <p>The length of time that the BID Proposals cover.</p> | <p>Include the start date of the proposed BID, together with its duration.</p> |



BUSINESS PLAN CHECKLIST

| ITEM | DEFINITION | GUIDANCE |
|--|---|---|
| Thresholds | <p>The amount of rateable value beneath which any hereditament may be exempted from levy or their levy may be calculated differently.</p> <p>Many BIDs use the small business rate relief figure, and many are mindful of the need to reflect the whole business community.</p> | <p>Often used (a) to exclude those hereditaments for which the cost of collection (if any) makes the cost of collection uneconomic, (b) in conjunction with the BID area, to ensure the number of hereditaments to be included is manageable, and (c) that hereditaments do not include non-trading entities (e.g. cashpoints, radio masts, telephone boxes etc.).</p> <p>In setting any threshold, a BID should be mindful of the hereditaments that will be excluded, particularly if the threshold excludes small businesses in key streets that make up the fabric of a particular community.</p> |
| Untenanted Properties | <p>The treatment of any properties (including those that are listed) that are vacant and the owner (or their representative) is deemed to be 'in possession'.</p> | <p>Liability for the levy should, most normally, be that of the ratepayer where it is untenanted. Specific mention of listed buildings should be made if they are to be charged when untenanted.</p> |
| Variation or Alteration Provision | <p>A description of whether and how the proposed arrangements (primarily the services and costs) may be varied or altered during the term without an Alteration Ballot.</p> | <p>A transparent and evidence-led process for agreeing any alteration changes should be set out. This must be clearly articulated in the Business plan and proposal document.</p> <p>An Alteration Ballot is required for changes to the BID area to levy arrangements, and if the term is the shortened.</p> |
| Voter List | <p>The list of persons to be sent Ballot papers in respect of hereditaments to be subject to a levy. This is distinct from the ratings list and is an amended and more precise version of the ratings list.</p> | <p>The Voters list is most usually produced by the BID proposer providing the correct voter details (including head offices, where appropriate) which have been captured, using the ratings information as the source.</p> |



FAQS

When developing a BID Business Plan, here are the top 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, up to 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, other than in exceptional circumstances (e.g. Industrial areas).

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 appropriate?

Only if it is transparent and detailed, 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 review process is undertaken (e.g. British BIDs mid term review, health check or Accreditation), 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 demonstrated through research findings, 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 (current average is 47%).



NATIONAL CRITERIA WORKING GROUP

The National BID Criteria is produced by British BIDs National BID Advisory board in conjunction with a sub-group established for this special purpose.

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USEFUL DOCUMENTS

DOCUMENTS

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

Technical Guide for Local Authorities

BIDs Guidance and Best Practice

National Guiding Principles for a BID

Business Improvement Districts in the British Isles 2018

The 12th National Business Improvement District [BID] Survey

The Business Improvement Districts (England) Regulations 2004

Draft Business Plan Review Service



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