

## TOPIC: Financial budgeting

### Abstract: -

The BID Regulations (England) 2004 require a business plan for any proposed BID to include:

*"...the estimated cashflow, an estimate of the predicted revenue to be generated and the predicted expenditure to be spent under the BID arrangements, the predicted budget over the duration of the BID arrangements and the contingency margin included in the budget..." (Regulation 4, (2), (a), (i), (bb))\**

In addition, the budgeting and the narrative of the BID Proposal must provide:

*"...an explanation of how the amount of the BID levy to be levied is to be calculated and an explanation of whether any of the costs incurred in developing the BID proposals, holding of the ballot or implementing the BID are to be recovered through the BID levy..." (Schedule 1, 1, (d)).\*\**

### Guidance: -

Best practice definitions assist in interpreting the minimum requirements:

1. Cashflow – the timing of income and expenditure. This is most often provided on an annual basis, but each local authority may interpret it differently and, particularly for new BIDs, more information may be required (e.g. monthly cashflow forecasts).
2. Revenue and expenditure – revenue in terms of levy and additional income (including sources); expenditure in terms of expected costs of each project.
3. Budget – an annual illustration of revenue, expenditure and identifying surplus/deficit.
4. Contingency – the percentage of billed levy that is expected to be collected and allowance for overspend on any project.
5. BID levy calculation – how the income from levy has been derived (normally the percentage levy rate applied to rateable values, with any thresholds, caps and/or exemptions, inflation etc.; plus the contingency (as above).
6. Development and implementation costs – a distinct budget line showing how and when any set-up/establishment costs are to be repaid, including to whom such reimbursement is due, or a statement that there are no costs requiring repayment.

### TIPS

1. Detailed budgeting is required.
2. Given the lack of interpretations within the Regulations (e.g. 'cashflow') it is best either to provide more information or, at least, to have additional, detailed workings available upon request.

Notes:

\* Scotland - Regulation 5

\*\* Scotland " a statement providing details of any additional financial contributions or additional actions for the purpose of enabling the projects specified in the BID proposals to be carried out, by the local authority or any other person authorised or required to do so by the statement" (Schedule 1, 1,.(d)).