

THE 2018 NATIONAL BID CRITERIA

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

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BritishBIDs™



FOREWORD

This is an exciting time for BIDs. After some thirteen years, there are over 290 operational BIDs, along with 27 developing BIDs, and it is clear that there is still strong growth in BID numbers as the benefits become clearer. Indeed, we anticipate reaching 300 BIDs by the early summer of 2018.

But much is changing, and the last National Survey suggested the emergence of differing sorts of BIDs, both regionally and by type. As BIDs become more differentiated, some are moving from the original retail driven 'crime and grime' models to more strategic inward investment bodies. Even the smaller BIDs are becoming key players in their local business communities, mediating between Local Authorities, national businesses and the independent operators. At the same time 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. And of course, there is always the occasional BID failure at either the development or ballot stage.

This growth and increasing differentiation means that for national levy payers particularly, the cost of their levies across the country are becoming increasingly burdensome. 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 (Bb) has updated these National Criteria. They are produced by a group of BIDs, Local Authorities and national levy payers to allow BIDs to ensure that from the early development stages through to the final proposal and business plan they can ensure that the right content is made available to all levy payers throughout the process, and that all the regulations are properly followed. 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 *Guiding Principles of BIDs* and the newly produced *Policy and Guidance Notes* to allow BID teams and their boards to give the best information that they can throughout the process.

These criteria act as both guidance for BIDs themselves, but crucially are also used by many national voters when considering voting decisions on ballots. Bb 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.

NATIONAL CRITERIA WORKING GROUP

The working group that developed these criteria represents a wide cross section of the BID levy payers and act as a sub-group of the National BIDs Advisory Board; our thanks go to

Calum Ewing	Metro Bank
John Fletcher	Nationwide
Ian Hayes	Tesco
Lawrence Hewitt	St Albans Local Authority
Jim Hubbard	BRC
Catherine Lambert	Cushman & Wakefield
Roger Littlewood	Tesco
Marc Myers	Landsec
Sacha Polverini	Boots WBA
Gemma Price	Boots WBA
Mel Richardson	Newham BID
Chris Turner	British BIDs
Catherine Turness	Winchester BID
Nick Tustain	Tesco



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 various sets of BID Regulations applying to the nations of the United Kingdom include reference to a Business Plan as being included with the BID Proposals. However, best practice, combined with the expectation of levy payers, is that a detailed Business Plan, summarising the full Proposals, should always be prepared and distributed to everyone that 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 2018 should be:

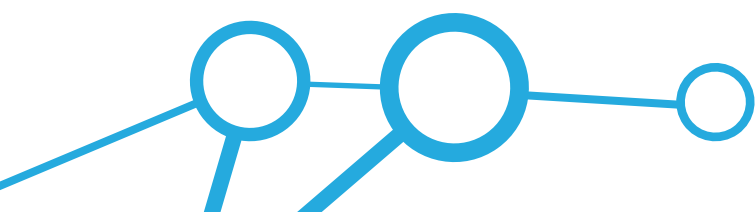
ITEM	DEFINITION	GUIDANCE
Aim	The overall objective that the services, when combined, are aiming to achieve for the place.	The aim should be realistic and achievable by a BID on its own or through collaboration with partners over a specific time period.
Ballot Arrangements	The arrangements, as described within the Notice of Ballot, pertaining 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 Declaration	The ballot result as declared by the Ballot Holder as soon as is practicably possible after the close of Ballot.	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.
Baseline Statements	Those services provided within the BID area by the public sector through business rates, and to which the BID proposes to add.	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.
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 tight geographic area and share common interests and objectives. The area should not be artificially extended or modelled so as to include hereditaments with high rateable values.

BUSINESS PLAN CHECKLIST

ITEM	DEFINITION	GUIDANCE
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.	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. BIDs operated by Local Authorities should be discouraged.
BID Proposals	Details of access to the full Proposals should be included in the Business Plan.	The Business Plan should be founded, upon but not replace, the full set of BID Proposals as required.
BID Proposer	The individual(s), local authority or corporate body proposing the BID arrangements.	It should be demonstrated that the Proposals are being led by the business community. To include contact details email, phone and website.
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.
Category	The nature of the BID (e.g. town/city centre, coastal, tourism, industrial etc.).	Business occupiers should have commonality of interest.
Caps	The maximum amount that any levy payer (cumulatively across hereditaments) or hereditament would pay in any year.	Use to ensure a minority of levy payers do not pay a disproportionate percentage of the BID budget.
Communications	Proposals for levy payer communications throughout the term.	Best practice suggests monthly email (or similar) updates, an annual review, and an annual AGM (or similar).
Community	Details of how the wider community is to be engaged.	The BID should engage with non levy-payers, residents and consumers. A commitment should be given to the BID operating as part of a wider community and in the public interest.
Concessions	Discounts on the levy that would otherwise apply to a hereditament. Most commonly applied to businesses within shopping (or leisure) centres with service charges, or charities.	Appropriate 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. administrative, theatre, universities etc.).

BUSINESS PLAN CHECKLIST

ITEM	DEFINITION	GUIDANCE
Contingencies	The amount (if any) of contingency for non-collection of billed levy, together with other contingencies on costs should be explained.	Contingency on billed levy should be no less than 2.5% (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.
Costs of Operation	Shown as a distinct expenditure item within the budget, these include staff, premises, professional fees, levy collection etc.	These should generally not exceed 20% of total expenditure; smaller BIDs (under £200,000 levy pa) may allocate part of their staff costs to service and project costs as long as this is fully disclosed.
Exemptions	Details of any types of business occupier that is not to be charged.	These should be introduced only in exceptional circumstances and not to advantage one occupier at the expense of another.
Governance	The arrangements for governing and managing the BID Body, forming the Board (or similar, plus other groups), and selecting the Chair.	The BID Board (or similar) should be exclusively or primarily made up of levy payers and not dominated by one sector or organisation. It should be chaired by a private sector representative and should operate transparently. Boards should try to reflect the diversity of the local BID area to ensure commercial sense and inclusivity.
Hereditaments	The proposed number of hereditaments to be subject to the levy, together with any exemptions.	Subject to local arrangements, though the median number across all UK BIDs is 408 (National BIDs Survey 2017).
Income	The budget should identify levy income from other sources, and should not include any in-kind or similar. The average annual levy receipt expected should be stated.	Including speculative income should be avoided.
In-kind Support	Non-financial contributions that may have a financial benefit.	This is to be encouraged and explained, but not included in any budgets.
Inflation	The proportion (if any) by which the levy rate will increase in any year.	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.



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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 can be excluded but should be shown separately with a statement on how it will be repaid.	These 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 should be considered.
Local Billing Authority	Details of the local billing authority, together with a description of their role on any future BID Body.	Local authorities as BID Proposer and/or BID Body is to be resisted; Local Authority participation on BID Boards (or similar) is to be encouraged, though not as Chair and not so that undue influence can be used.
Membership	Assuming that the BID Body is to be a corporate entity, the members of the BID Body.	The BID Body should adopt a Membership policy for levy payers who will then obtain voting rights.
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, 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.
Notices	Statutory Notices (including dates of issue) as required by the BID Regulations.	These are (1) notification of ballot to the Secretary of State, (2) Notice of Ballot by the Ballot Holder, and (3) notice from the BID Proposer to the billing authority requesting a Ballot is held.
Operating agreement	The 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 be agreed in draft and available for inspection throughout the Ballot. It should form the basis of a strong working relationship between the Parties.

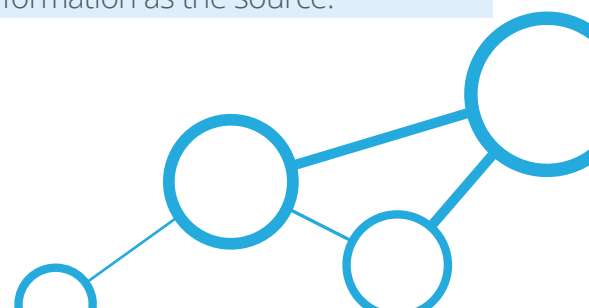
BUSINESS PLAN CHECKLIST

ITEM	DEFINITION	GUIDANCE
Projects and Services	A detailed description of the intended services.	Include evidence that the services are supported by research, particularly from the feasibility study, and will collectively deliver the overall aim of the BID.
Re-ballot	A further attempt at a ballot following an unsuccessful outcome.	<p>Details of any prior failed 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.</p> <p>In Scottish Regulations a re-ballot should not take place less than a year after the original unsuccessful ballot</p>
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 for a Renewal ballot. 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. Each BID should consider making minutes of Board (or similar) meetings available.
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.	Prior to publication of the Business Plan it is recommended that active engagement and response has been received from at least 50% of those organisations that will vote in the ballot, using the most appropriate research methods. The research must evidence the need for the BID and the proposed services. Head office voters should have been given the chance to contribute.
Reserves	The amount retained on the balance sheet of the BID Body and carried forward each year.	The BID Body should adopt a prudent reserves policy of between 5% and 20% of income.



BUSINESS PLAN CHECKLIST

ITEM	DEFINITION	GUIDANCE
Revaluation	The treatment (if any) of rating revaluations of hereditaments during the term.	Fluctuations in occupational cost should be reflected as they occur (or at the next charging period) wherever possible.
Service Transfer	Those services delivered by the public sector that are proposed as transferring into the BID.	These should be separately detailed and the means of funding (non-levy) explained. Levy should not be used to fund these additional transferred services.
Set-up Costs	The development costs of establishing the BID.	The budget should include the amount of any set-up costs that are to be repaid and the repayment period.
Surpluses and Deficits	The end of year financial position of the BID Body.	The budget should make clear annual surpluses and deficits (if any) and how these affect any reserves.
Term	The length of time that the BID Proposals cover.	Include the start date of the proposed BID, together with its duration.
Thresholds	The amount of rateable value beneath which any hereditament may be exempted from levy or their levy may be calculated differently.	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.).
Untenanted Properties	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'.	Liability for the levy should, most normally, be that of the ratepayer where it is untenanted.
Variation Provision	A description of whether and how the proposed arrangements (primarily the services and costs) may be altered during the term without an Alteration Ballot.	A transparent and evidence-led process for agreeing variation changes should be set out. An Alteration Ballot is almost always required for changes to the BID area and to levy arrangements.
Voter List	The list of persons to be sent ballot papers in respect of hereditaments to be subject to a levy.	Include evidence of how correct voter details (including head offices, where appropriate) have been captured, using the ratings information as the source.



GLOSSARY OF TERMS

Baseline Statements

A schedule of those services provided to the BID area and paid for (at least in part) by a local authority or the police through business rates that the BID intends to supplement; it need not include all services provided.

BID Body

The entity that will operate the BID if approved at Ballot.

BID Proposal

The documents submitted by the BID Proposer to the local billing authority supporting an application to hold a Ballot.

BID Proposer

The proposer of BID arrangements who submits the BID Proposals.

Hereditament

Land and buildings or other property contained on a ratings list to be charged a levy.

Notice of Ballot

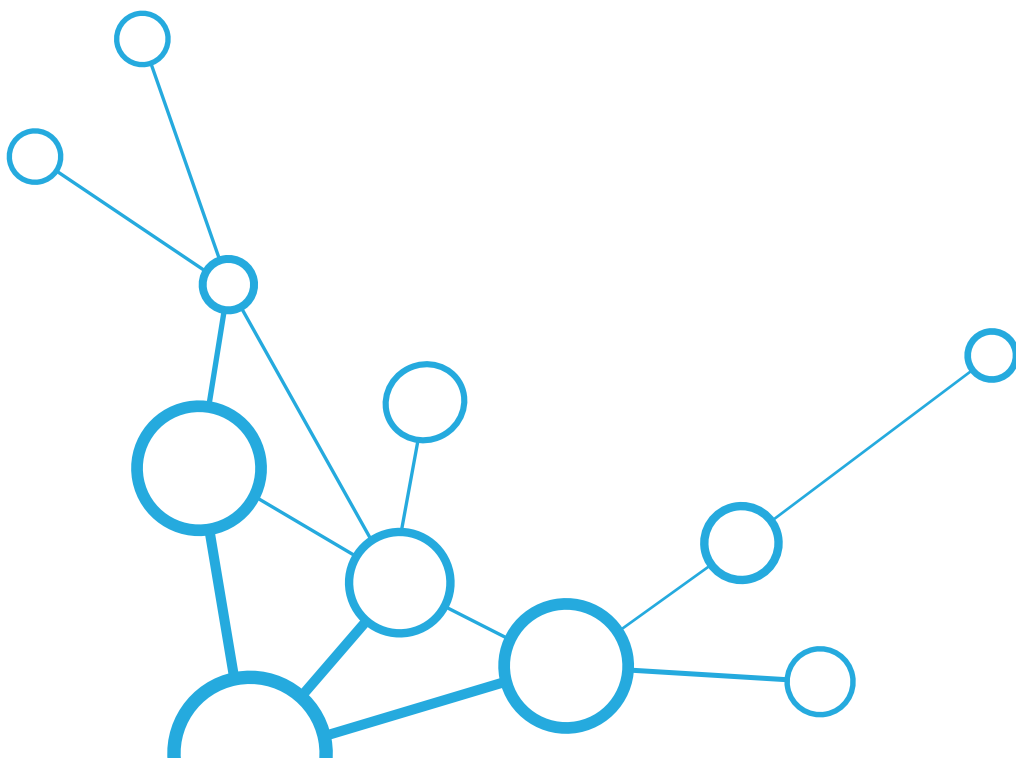
Issued by the Ballot Holder to those who will be issued Ballot papers notifying them of the arrangements.

Notice to the Billing Authority

A letter provided with the BID Proposals requesting that a ballot is held.

Notification to the Secretary of State

Provided by the BID Proposer setting out the intention to request a ballot.



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 transparent?**

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 (e.g. British BIDs Accreditation or other accrediting body) 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 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 (average is 47%).



Here are the types of questions that any proposed levy payer should have answers to during The Campaign Stage:

Q1 | Why is there a need for a BID?

Q2 | How will my business benefit?

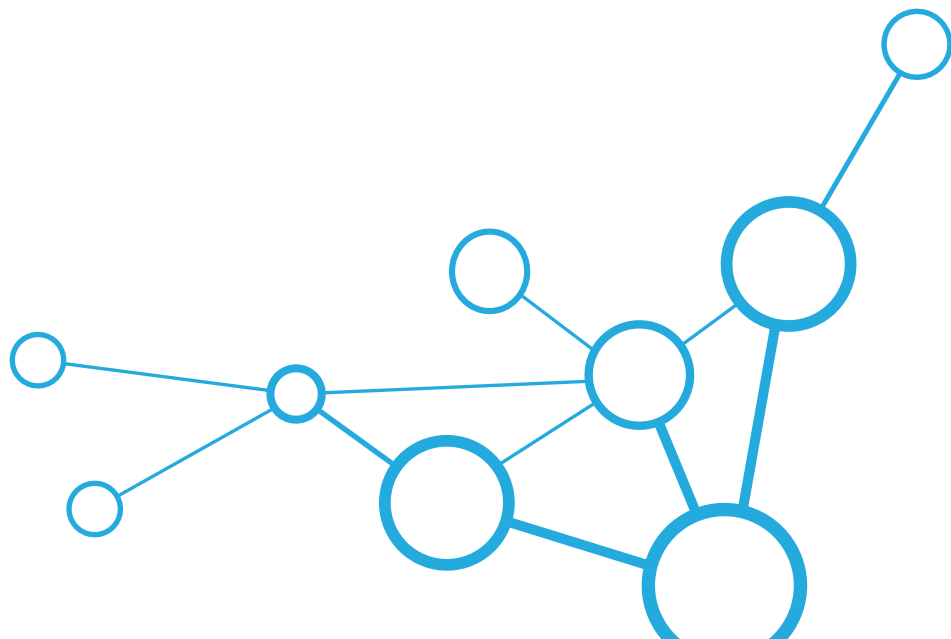
Q3 | What is the cost to my business?

Q4 | Can I opt to not pay?

Q5 | How can I get involved?

Q6 | How will I know if the BID is working?

Q7 | Who do I contact about the BID?



USEFUL DOCUMENTS

DOCUMENTS

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

Technical Guide for Local Authorities

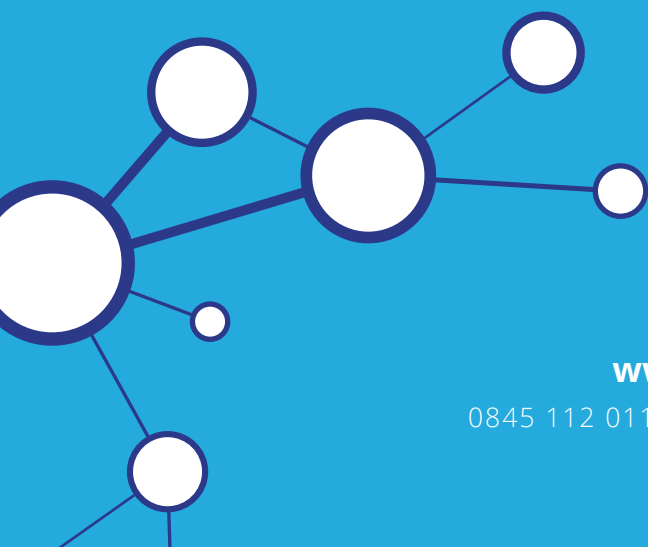
The National BID Survey 2017

BIDs Guidance and Best Practice

The Business Improvement Districts (England) Regulations 2004

Guiding Principles for BIDs

Draft Business Plan Review Service



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