



# Business Improvement Districts (BIDs)

## An Introduction & Guide

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# Business Improvement Districts (BIDs) (Area Title Here)

## An Introduction & Guide

You may already be aware that your business is within an area hoping to develop a Business Improvement District (BID) scheme. This guide has been produced to offer you an introduction to the BIDs concept. It is not intended to outline the specific BID offer for your area but prepare you for the BID process that you may expect over the next few months. It will help you to develop the specific questions you may have about your BID area to understand how it will affect your business.

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# The BIDs Concept

Very often, businesses located in a close geographic area suffer from similar issues or problems that affect business turnover or profitability. Typically, there are small day-to-day issues, which managed through a form of collective action, with minimal financial input and effort, could yield increased business benefit.

The BIDs concept has been developed to enable businesses in a specific location to collectively finance solutions to those specific problems that are affecting local business prosperity. The concept enables businesses to identify and take ownership of the problems that are not being dealt with by any existing organisations, authorities or committees.

As opposed to a voluntary donation, BIDs requires all businesses to contribute towards the proposed actions. The payment is proportionate to the business rates currently being paid, however some BID areas may provide a discount inline with existing fees that are being paid as part of a shopping centre service charge.

## HOW LONG WILL IT GO ON FOR?

The BID period will be set for a length of time typically between 3-5 years.

Most BID schemes run for between 3-5 years. This enables the BID area to truly witness the benefits of the scheme before having an opportunity to decide if the area wishes to extend the period for the scheme or end it. Again, your individual BID proposition will determine this.

## ARE BIDS SUITABLE FOR ANY AREA?

No, the BIDs concept is not a perfect solution for every area.

The fundamental driver of a successful BID is collective support and enthusiasm by businesses. Therefore businesses decide on whether the scheme will go ahead or not. Critically, a BID is not suited to all areas, at all times because:

- Market trends or environmental factors may not suit the BID concept
- There may be a lack of collective issues that affect each business enough to justify a contribution to the collective solutions (although it is likely that sufficient common ground has already been identified to have reached this stage of the process)
- Commonplace apathy towards local issues will undermine the BID concept

BIDs can enhance existing initiatives, but are unique in that, as a collective of likeminded businesses, the BIDs concept provides a formal organisation to manage and channel funds **directly** into the problems that really affect business success. In other words businesses can scrutinise the money spent in their name.

Because BIDs are driven by private business with a transparent process, it avoids the traditional

typical red tape and wasted resources, focusing funds to yield the best value for money.

Most significantly, the approval of a BID is determined by businesses through a vote, following a period of extensive consultation where the business case is thoroughly outlined and discussed with all those concerned. A BID must achieve support from the majority of local businesses (by rateable value and number) before going ahead.

Typically BID areas have been in retail areas or industrial estates although the concept is flexible enough to fit other business locations.

#### HOW IS IT FUNDED?

Through a compulsory levy payable by every business outlined in the BID areas part of the proposition.

Every business is liable to business rates yet it is unusual for business rates to be ring-fenced for spending by government on the needs of businesses on a day-to-day basis.

Many areas are likely to have collective schemes in place, very often voluntary, where success is based upon a few businesses taking responsibility for the whole area. The BIDs concept is designed to ensure that all businesses that benefit from the scheme support it financially through a levy that is additional to your existing business rate.

Should your fellow businesses decide that BIDs is suitable each business outlined in the BID area would be required by law to pay the levy. The size of the levy will vary, determined by business size but will be outlined in more detail in your specific BID proposition.

However, the BID is not restricted only to the levy amount raised. The pool of money can be supplemented with other voluntary contributions or other schemes that may complement the work of your BID. The formal nature of the BID is more likely than informal schemes to attract additional funding to the area.

#### WHO DECIDES IF IT WILL GO AHEAD?

The people who would be supporting it financially - you.

It is likely that your area has already been researched to identify common issues and determine the geographical limits of the BID. Every business ratepayer identified as being eligible for paying the levy has a vote on whether the scheme will go ahead.

You will therefore have three choices. Vote 'yes', vote 'no' or choose not to vote at all.

The purpose of this guide is not to persuade you to decide either way, but to prepare you to assess the information you will now receive regarding your local BID area offer to make an informed decision in the vote.

The BID proposition may decide to discount certain business rate payers from the vote and eligibility for the levy to ensure that a successful scheme will be of true benefit. Examples of rate payers excluded previously include cash machines, advertising boards and phone masts.

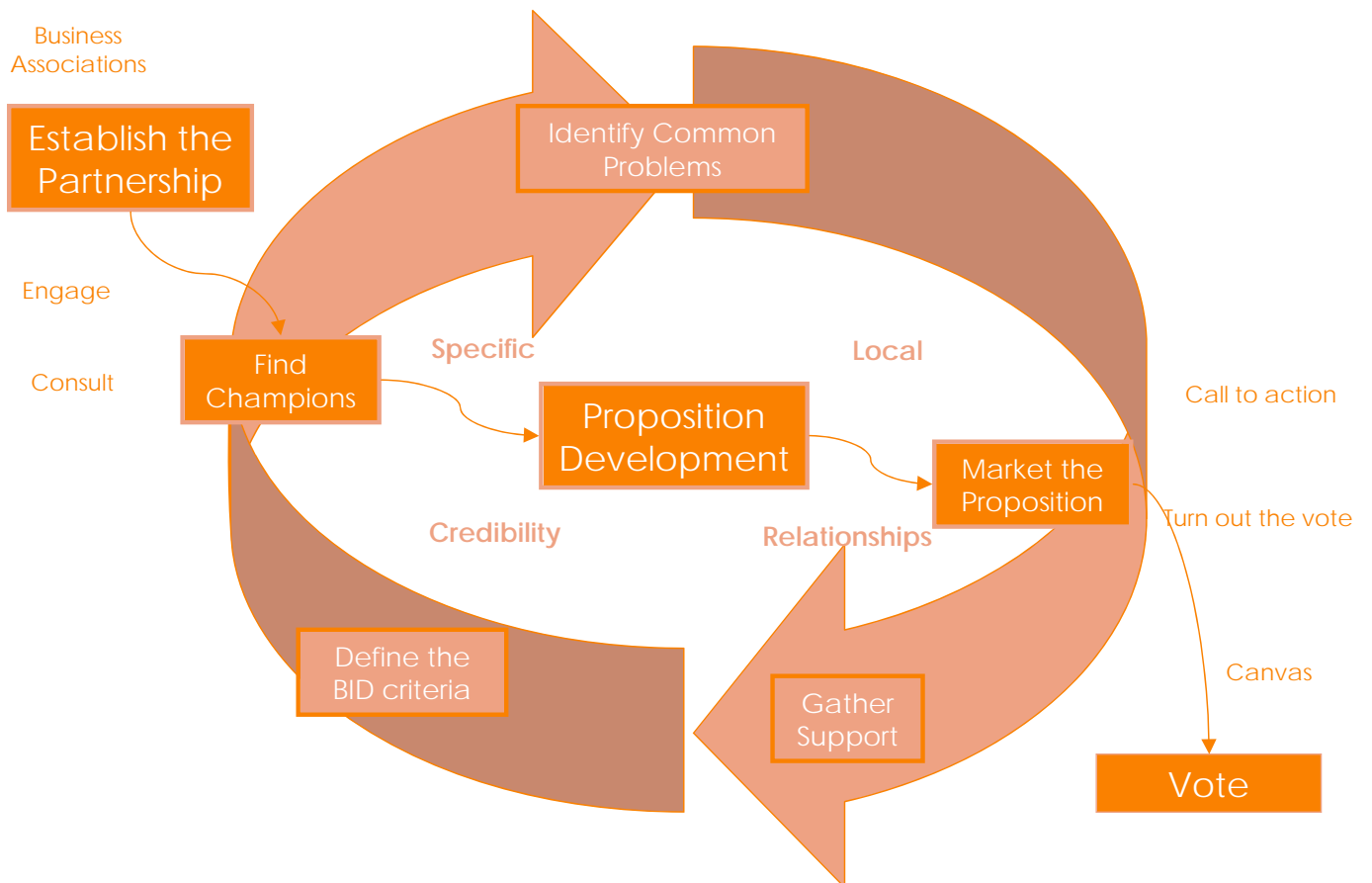
### HOW WOULD IT WORK?

Most BID areas will have a dedicated BID Manager who generally comes from a local organisation, often the local authority. The most successful BID schemes have had this dedicated resource, therefore a private sector champion is required to take the lead if there is an absence of local authority representative. The BID Manager is supported by the BID Partnership, significantly represented by private business, to ensure that the scheme is driven on their behalf.

Research ➤ Offer Development ➤ Consultation ➤ Vote

Each BID area will have an individual course of action, which will be outlined in your specific BID proposition, but there are some fundamental steps in each BID process.

## Step by Step Guide



## 1. ESTABLISH PARTNERSHIP

It is likely that your area already has an established partnership although you may wish to enquire if you can still get involved. The partnership will lead on decision-making and manage the process alongside the BID Manager. It is key that the Partnership consists predominantly of private business representatives from your area.

## 2. FIND CHAMPIONS

You may decide to act as a BID Champion to lobby businesses. Champions are drawn from your business peers to demonstrate to others the costs and benefits they see coming from a BID scheme in your area.

### Local Business Representatives that may be involved

- Local Council (Town Centre Management, Street Cleansing, Highways, Tourism)
- The Police
- Town Centre Management Network
- Chamber of Commerce
- Crime Partnership
- Environment Agency
- Local Strategic Partnership
- Property Management Company
- Pubwatch
- Tourist Board
- Travelwise
- Voluntary sector

## 3. PROPOSITION DEVELOPMENT

In the near future your BID Manager is likely to request input from your business to develop the business case highlighting the need for a BID and the actions that could be included; this may be in the form of a questionnaire, or one-on-one consultation. Following a period of consultation by your BID manager, your local issues will be researched to identify one, or a few, issues that can be dealt with through a BID. The BID area will then be scrutinised to ensure that only companies that will benefit are involved in the BID proposition. The proposition will be refined to offer real value, identifying the issues, costs and those eligible to vote and pay.

#### 4. MARKET THE PROPOSITION

Your BID Manager or Champions will endeavour to consult with every business eligible for the BID area regardless of stance towards the BID concept. The success of a BID is determined by the amount of business support and enthusiasm therefore the business consultation is key to ensuring a sustainable scheme should the vote be a success. It is likely that a number of public meetings will be arranged to update businesses on developments.

#### 5. VOTE

All rate-payers who will be liable to pay the additional BID levy will have a vote in the ballot. A successful ballot will have to meet two tests. Firstly, a simple majority of those voting in the ballot must vote in favour (50%). Secondly, those voting in favour must represent a majority by rateable value of the properties of those voting.

This dual mechanism is intended to ensure a democratic outcome – so that a small number of large businesses cannot force through a measure that small businesses do not support and vice versa.

# Previous Success of BIDs

The BIDs concept was developed in Canada and then spread across the border to the US. More recently it has been adopted in the UK and there are currently around 35 active BID areas. The North West is particularly keen to develop more BID areas. It already contains 11 of the 35 existing areas in the UK which are currently in the BID process, either before or after the vote stage.

## Liverpool City Central BID

The Liverpool City Centre BID was developed as a concerted effort to protect the interests of the city centre businesses in the face of significant competition emanating from the £900m Liverpool One development, and other outside retail parks.

Traditionally the area has had a weak legacy of partnership working as previous attempts have lacked real business engagement. The BID idea was strongly driven by major property developers in the city centre looking to achieve greater dynamism within the city centre.

The objectives are predominantly focused on producing a high quality-retailing environment delivering improved customer satisfaction and business performance. The core activities of the business case include:

- Designing a high quality marketing campaign creating improved customer footfall
- Street cleaning and maintenance activities
- Reducing crime, creating a safe environment to encourage longer, more frequent visits

The Liverpool BID levy was set at 1.2% of RV for all businesses with an RV level above £10,000. Liverpool is a good example of the importance of having a solid business case on which to build the BID; following an unsuccessful first vote, the business plan was redesigned leading to a successful second vote.

Over the 2005 Christmas period the Liverpool BID area saw an increase in footfall of 2.3% despite a national drop in footfall by 4%; and retail sales for multiple stores increased by 1.7%.

[www.citycentralbid.com](http://www.citycentralbid.com)

## Bolton

The Bolton BID is the most ambitious in the North West in terms of size, covering eight industrial estates with 300 businesses in the Bolton area. The Bolton BID is an example of where the crime and security issue was an overriding concern that negated additional issues for the area. Following requests for an enhanced collective response from businesses on the estates, the BID was proposed as one priority action. Due to the degree of the crime problem the BID levy was set at 4% of a businesses RV in order to afford the solution required.

Combined with a £1m contribution to the fund from Bolton Council this has enabled the construction of a state of the art security system, mobile patrols and landscaping.

Turnout to the ballot was impressive, with 82% of the total area's RV having voted. 72% of this total voted for the BID. Since the BID has been put into place crime on the estates has dropped from £4m per annum to £750,000.

The town centre is now looking at a potential BID in the central retail area.

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

## Lincoln BIG (Business Improvement Group)

The Lincoln City Centre BID has been developed to make the most of the strengths of the city. Focused around the retail centre, main tourist attractions and the University the objectives of the Lincoln BID are:

- Improving street management
- Improving safety
- Improving access
- Better management of the evening economy
- Development of marketing and events
- Engagement of the business community

The BID period in Lincoln will operate for five years after which there will be a further vote for a possible extension. All properties in the BID area with a RV below £5,000 were excluded from the vote and the levy and the annual levy rate varied from £50-£5,000 dependent upon RV rate.

The vote had a turnout of 349 business (44%). 79% of which supported the BID.

The Lincoln BID was developed through adapting the existing City Centre Partnership and exists in its own right as a company. This ensures that any profits made from services delivered can be ploughed back into delivering the overall BID aims.

[www.lincolnbig.co.uk](http://www.lincolnbig.co.uk)

# Frequently Asked Questions

*"I already pay my business rates; why should I pay more?"*

The basis for a BID in any location is to provide a solution to a problem that is affecting business in the area. Whilst there may be provision for this through council services covered by standard business rates, the service may not be provided to the level required at detriment to businesses in the area.

The BIDs concept is not designed to duplicate, or substitute council services, and is not intended to single-handedly regenerate an area. BIDs have been developed to channel funds on behalf of businesses directly to the manageable issues that impact business and complement the actions already being carried out. This intends to increase turnover through a minimal collective outlay from businesses on a formal basis.

*"What if I cannot afford this levy?"*

Local discretion extends to setting the amount of the BID levy therefore the business case for your BID will take into account the context of the local business area. The levy may be based upon a percentage of business rates or on a brackets system where business size will determine one set payment. A solid business case will show that your outlay will be minimal compared to the return on investment through the BID benefits.

*"How is this different to other schemes and how sure am I that it will work?"*

Your area will probably have a person/people dedicated to developing a sound BID business plan. As a formal scheme, each BID process, and offer, is accountable to central government therefore the BID manager must ensure that the whole process is conducted in the proper manner. By declaring your interest in the process, or even by getting involved you will be able to witness the process and how the money would be spent.

As the funding for the BID is principally from the levy, which is set at an agreed amount for an agreed period, the income is guaranteed and therefore it is easier to plan, and fulfil, the BID objectives.

In the near future, your BID manager will circulate information distinctive to your BID area in the form of the 'BID proposition'. When it comes to the vote, you should have enough information, through the business plan and one-on-one engagements as a minimum, on which to determine your decision over your area's BID.

BIDs are unique as it is you and your business peers' choice as to whether it will go ahead. Therefore if you do not believe that the business case and proposition will yield a return for your outlay, then you have the opportunity to vote 'no'.

*"What if I don't agree with BIDs but the vote is successful?"*

If the majority of your business peers have voted for the BID scheme to proceed the levy becomes mandatory for all defined ratepayers. As a formal tax it is treated on the same way as a business rate and will become a statutory debt.

*"What have other BIDs looked like?"*

### **Typical Problems & Solutions**

It is important to remember that BIDs will not solve all of the problems in an area – it is intended to identify the manageable problems that, through minimal outlay, can return a favourable increase in business success. The BIDs concept acknowledges that all areas are different and face different problems. Some BID areas identify three or four key issues, and others focus on one particular problem distinctive to the area.

TYPICAL PROBLEMS	TYPICAL SOLUTIONS
<p><b>Business Crime &amp; Security</b></p> <p>The UK is currently facing an increase in business crime, and it has been found in most BID areas that crime is a major impact on business profit. In some areas, BID areas have focused purely on the crime issue. Other areas have had it as a key priority.</p>	<p><b>Security</b></p> <ul style="list-style-type: none"> <li>▪ Exclusion Notices/ASBOs</li> <li>▪ Business Crime Coordinator (full time)</li> <li>▪ Campaigns to deter street drinking/violence/Anti Social Behaviour</li> <li>▪ CCTV cameras</li> <li>▪ Hi-tech security system</li> <li>▪ National Business Information System</li> <li>▪ Warden/Ranger</li> <li>▪ Weekend stewards - night taxi-ranks</li> </ul>
<p><b>Poor Image</b></p>	<p><b>Environmental Improvements</b></p> <ul style="list-style-type: none"> <li>▪ Town Centre Caretaker</li> <li>▪ Estates Manager</li> <li>▪ Flower Baskets</li> <li>▪ Graffiti Charter</li> <li>▪ Maintenance of quality street furniture/public realm</li> <li>▪ Restoration</li> </ul>
<p><b>Difficulties with Local Transport infrastructure (including car parking)</b></p>	<p><b>Destination Marketing/Publicity</b></p> <ul style="list-style-type: none"> <li>▪ Developing events or attractions</li> <li>▪ Warden/Ranger</li> <li>▪ Weekend late night bus provision and support</li> <li>▪ Weekend stewards - night taxi ranks</li> <li>▪ Pedestrian Flow Monitoring</li> <li>▪ Pedestrianisation</li> </ul>
<p><b>Poor Environmental Conditions (cleanliness, housekeeping, street maintenance)</b></p>	<p><b>Qualifications for Licensed Trade Personnel</b></p>
<p><b>Narrow Retail Offer</b></p>	<p><b>Creation of a collective strategy and lobbying</b></p>
<p><b>Absence of Adequate Business Support</b></p>	<p><b>Organisation of late-night shopping and collective festive opening times</b></p>
<p><b>Need to Establish a Community Strategy</b></p>	<p><b>Marketing to attract more occupants</b></p>
<p><b>Heavy Competition from Out of Town Developments or Investment in Neighbouring Towns</b></p>	<p><b>Collective action for steps to be taken</b></p>
<p><b>Falling Number and Length of Visits</b></p>	
<p><b>Low Occupancy</b></p>	
<p><b>Poor Safety Standards</b></p>	

## Additional Benefits

Even if the BID vote is unsuccessful the groundwork undertaken by the BID team and its stakeholders is worthwhile in the long run. Intangible benefits realised in current BID areas include:

- Formal and informal networking.
- Increase in local trade.
- Greater recognition by local authority.
- Increased interaction between the public and private stakeholders.
- Basis for collective lobbying on behalf of local businesses.
- The identification of problems and issues that can be dealt with in a different way.

### "What does it mean to me?"

As a business ratepayer in the BID area you have the right to vote on whether you would like the BID to go ahead. You also have the right to become involved in the process from developing the BID offer or attending BID meetings, to lobbying other businesses to vote; whether this is for or against the BIDs concept.

## Next Steps

In the near future your BID Manager is likely to be in contact either through some material sent to you or through a direct approach. Should you wish to get involved earlier than this, your BID Manager's contact details can be found on the back of this document.

### "What can I do now?"

In the knowledge that this process is happening, at this stage the key benefit you could provide to the process, whether for or against the BID concept, is to identify the person responsible for voting within your business. Very often, especially in large businesses, the people voting, benefiting and paying are different.

By identifying the correct person(s) the process of engagement with the BID Manager can be more efficient. This will ensure that your business can receive as much information as required and participate in the process as fully as you wish.

Your local BID contact is: