

BUSINESSES PLAN CRITERIA

British
BIDsTM
Leading the BID industry

**Guidance for the
business plans of
Business Improvement
Districts (BIDs)**

01. INTRODUCTION

02. ABCS OF A BID

03. BUSINESS PLAN CHECKLIST

04. FAQs

INTRODUCTION

There are 345 established Business Improvement Districts in the British Isles, and each year new BIDs come into existence by way of their ballot.

BIDs are key players in their local business communities, delivering services to all their very varied levy payers. They bring together and work with local stakeholders, national and independent businesses.

Levy payers, large and small, rightly scrutinise 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.

British BIDs has produced this Criteria 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.

The National Levy payers 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. This

Criteria sits alongside the National Guiding Principles for a BID, The Technical Guide for Local Authorities 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.

This Criteria acts as both guidance for BIDs themselves, but crucially are also used by many national voters when considering voting decisions on ballots.

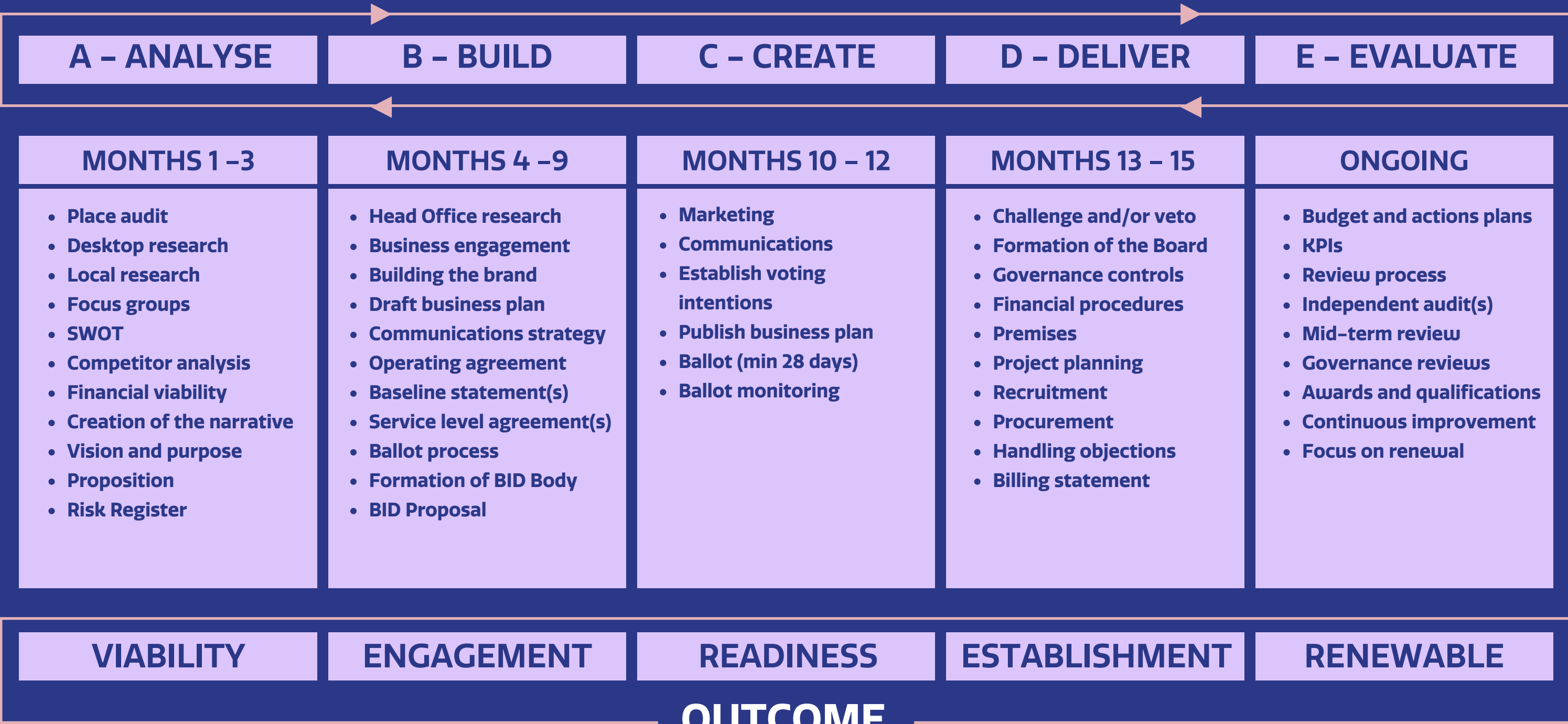
Indeed, some National Levy payers have a specific criteria of their own, which British BIDs can advise on.

British BIDs also provide a Draft Business Plan Review Service to its members, whereby it checks draft proposal documents against these criteria.

The criteria has 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.

THE ABC PROCESS FOR DEVELOPING OR RENEWING A BID

Whether developing new BID Proposals or planning for a new term for an existing BID, we would expect that at a minimum these five stages are completed and evidenced as part of the process.



Business Plan Checklist

The English 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 a detailed Business Plan (or Prospectus), summarising and consistent with the full Proposals, should always be prepared and

distributed to everyone who will take part in the 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 should normally include all the elements below.

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 (generally the maximum five-year life of a BID).
Alteration Provision	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>A transparent and evidenced 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 (such that new levy payers become liable or those paying the levy see increases in costs), and, the term.</p>

ITEM	DEFINITION	GUIDANCE
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 Declaration	The Ballot result, to be declared by the Ballot Holder as soon as is practicably possible after the close of Ballot.	<p>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.</p> <p>Best practice suggests that all those taking part in the Ballot should be advised of the outcome by the BID proposer.</p>
Ballot Process	The Ballot is postal and is for a minimum period of 28 days and must end at 5pm on a working day.	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.

ITEM	DEFINITION	GUIDANCE
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.	<p>A statement of the baseline services (those relevant services (if any) the BID proposes to add value to), together with details of how they can be viewed in full, for example through the BID website.</p> <p>The BID proposal should clearly illustrate what additional services will be delivered and the benefits that will accrue from additional business investment.</p>
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.	<p>Businesses should be contained within a clear geographic area and share common interests and objectives. The area must not be artificially extended or modelled e.g. to include hereditaments with high rateable values.</p> <p>The Proposal should include a list of roads where the BID will operate.</p>
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.	<p>The BID Body must be named within the BID Proposal.</p> <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, with a private sector chair.</p> <p>BIDs operated by Local Authorities should be discouraged as private limited companies have major advantages.</p> <p>Articles are required for a company formed in the UK under the Companies Act 2006. The articles should describe in detail how the company is to be managed and governed.</p>

ITEM	DEFINITION	GUIDANCE
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 (if any), 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 BID 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. This is described within the Regulations as the 'business plan'.	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.	<p>The Business Plan should be founded upon, but cannot replace, the full BID Proposal.</p> <p>The Business Plan should be accessible on the BID website.</p>
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.

ITEM	DEFINITION	GUIDANCE
Cap on a levy payment	The maximum amount that any levy payer (cumulatively across hereditaments) or any one hereditament is liable to pay in any period.	<p>Used to ensure a minority of levy payers do not pay a disproportionate percentage of the BID budget.</p> <p>This needs to be identified through research and consultation to ensure that equity and fairness is evident.</p> <p>Some Nationals will not vote in favour of the BID if they feel that there is an unfair proportion of levy being paid by major levy payers.</p>
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 term commences, an annual review, an annual meeting and the billing statement.
Community Partnership	Details of how the wider community is to be engaged.	<p>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.</p> <p>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, will operate in the public interest and provide added value.</p>

ITEM	DEFINITION	GUIDANCE
Concessions	<p>These are discounts on any levy applied to a hereditament.</p> <p>They are most commonly applied to businesses within shopping (or leisure) centres with service charges, to charities or to businesses with multiple hereditaments.</p>	<p>Appropriate but equitable discounts for shopping or leisure centres should be applied where the BID proposes similar services (e.g. cleaning, safety, marketing etc.);</p> <p>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, universities etc.)</p>
Contingencies	<p>The amount (if any) of contingency for non-collection of billed levy, together with other contingencies on costs should be explained.</p> <p>These are separate from any reserves the BID may have built up over time.</p>	<p>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, depending on levels of reserve and billing authority policies.</p> <p>Some billing authorities hold back their own separate contingency for uncollected levy amounts and potential reimbursements due after the BID term, and therefore the BID should take account of this when setting their own contingency policy.</p>
Costs of Operation	Shown as a distinct expenditure item within the budget, these include staff, premises, professional fees, levy collection fees etc.	<p>These should generally not exceed 20% of total expenditure, but in some small BIDs this might vary.</p> <p>BIDs may allocate part of their staff costs to service and project costs as long as this is clearly reasoned.</p>

ITEM	DEFINITION	GUIDANCE
Crime reduction partnerships	A Business Crime Reduction Partnership (BCRP) is a business-led group working with police and the local authority to tackle and reduce crime and disorder affecting businesses.	Some national levy payers expect the BID to either be involved or manage a BCRP as a condition of ballot support.
Directors	Those members of the Board of the BID Company.	<p>The Companies Act details a minimum of seven statutory duties which form the basis of being a company director.</p> <p>Details should be provided as to how the Board is to be formed, how Directors are to be recruited, rotation policies etc.</p> <p>The BID Board should be exclusively or primarily made up of levy payers and not dominated by one sector or organisation.</p> <p>A director must act in a way that would promote the success of the company for the benefit of its members as a whole, exercise reasonable care, skill and diligence, and avoid or manage conflicts of interest which may affect their objectivity.</p> <p>It should be chaired by a private sector representative and should operate transparently.</p>
Exemptions	Details of any types of business occupier that is not to be charged. These might include Schools, ATM machines, advertising hoardings, or other similar hereditaments.	<p>These should be introduced only in exceptional circumstances, be justifiable and not advantage one occupier at the expense of another.</p> <p>All ATM sites (whether inside or outside supermarkets, convenience stores & other retail premises) and other similar types of hereditament such as children's rides, vending machines, photo booths, etc should not be separately assessed.</p>

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 identified and explained within the Company Articles.</p> <p>Boards should try to reflect the diversity of the local BID area to ensure commercial sense and inclusivity.</p> <p>The opportunities for levy payers to be involved in the BID either as a Director or via a sub-group should be explained.</p>
Hereditaments	The proposed number and nature 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 proposals on thresholds and exemptions for each BID.
Income	<p>The budget should identify levy income and separate it from income from any non-levy sources.</p> <p>The budget should not include any in-kind or similar contributions.</p>	<p>The inclusion any 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 the budget.
Inflation	The proportion (if any) by which the levy rate may increase in any year.	This should be justified and limited to no more than CPI (Consumer Price Index). This should be clearly identified and consistently applied throughout the term.

ITEM	DEFINITION	GUIDANCE
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 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 and negotiated with the Local Authority.
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 applied) or 'chargeable day' (payable with 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 occupier is charged, otherwise income may be lost.
Levy Payer	Those liable to pay the BID levy.	<p>Some levy payers may have multiple hereditaments and thus multiple votes.</p> <p>Many national companies have a pivotal role in any BID and will need to be consulted at both local and head office level.</p>

ITEM	DEFINITION	GUIDANCE
Local Authority	The local billing authority should be named.	<p>The Local Authority as a BID Proposer and/or BID Body is to be resisted as BIDs should be business-led bodies.</p> <p>An Operating Agreement should be entered into to clarify the arrangement between the BID Body and the Council's levy collection processes.</p> <p>Local Authority participation on BID Boards (or similar) is acceptable, though not as Chair and not so that undue influence can be used.</p>
Membership	Assuming that the BID Body is to be a corporate entity, the members of the BID Body.	<p>The BID Body must resolve its Membership policy and who will acquire formal voting rights.</p> <p>This is not necessarily the levy payers, and full details need to be identified in the Company Articles.</p> <p>The Company Articles must set out how the company is to be governed.</p>
Monitoring Performance	The means by which the BID will assess its performance against the Business Plan.	<p>The BID levy needs to be viewed as a prudent investment by the business community, with the BID delivering tangible benefits over the BID period. The benefits that are expected to be delivered must be noticeable and measurable.</p> <p>The business plan should, therefore, 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.</p> <p>British BIDs Accreditation is a useful way of evidencing performance standards.</p>

ITEM	DEFINITION	GUIDANCE
Operating Agreement	A 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.	<p>This should serve for the full term of the BID.</p> <p>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 included within the BID Proposal.</p>
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 new ballot held following an initial ballot declaration being declared void by the Secretary of State.	<p>Re-ballots are rare.</p> <p>Any ballot taking place by choice after a failed ballot is a full BID ballot.</p> <p>Under Scottish Regulations a ballot should not take place less than one year after the original ballot.</p>
Renewal ballot	<p>For BID Bodies seeking a further term.</p> <p>If any changes to existing arrangements are being proposed (e.g. to the BID area, to the levy rate, thresholds etc.), then the ballot is a full BID ballot.</p>	<p>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 the existing ones.</p> <p>It is thus rarely seen and most 'Renewal ballots' are actually new BID Ballots, although the shorthand is often used.</p> <p>Proposers should state the type of Ballot being conducted as it might affect the voter listing.</p>
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), the publication of financial statements, and a billing statement.

ITEM	DEFINITION	GUIDANCE
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 is evidenced, and a response has been received from a declared sample size of those who will vote in the ballot, using the most appropriate research methods, whether quantitative or qualitative.</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 can advise on how to make appropriate contact with Head Office voters) and the BID must also engage with local managers.</p>
Reserves	The amount of money retained by the BID Body and carried forward from one year to the next.	<p>Once mature, the BID Body should adopt a prudent reserves policy of between 5% and 20% of levy income (depending on size of BID).</p> <p>Private Limited Companies are able to retain reserves, Community Interest Companies [CIC] may be more constrained.</p>
Revaluation	The treatment (if any) of formal rating revaluations of hereditaments during the term. 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>Fluctuations in rateable values should be reflected as they occur (or at the next charging period) wherever possible.</p> <p>BIDs and their local authorities may have differing policies 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>

ITEM	DEFINITION	GUIDANCE
Service Transfer	Those services delivered by the public sector that may transfer into the BID.	<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	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.
Statutory 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 from the BID Proposer to the billing authority requesting a Ballot is held, and (3) Notice of Ballot by the Ballot Holder to those subject to the ballot.
Surpluses, Deficits and annual accounts	The end of year financial position of the BID Body.	<p>The budget should make clear the annual surpluses and deficits (if any) and how these affect any reserves.</p> <p>Companies House rules and protocols should be followed, and an independent accountancy firm used to produce and file the annual accounts.</p>
Term	The length of time that the BID Proposals cover.	Include the start date of the proposed BID, together with its duration.

ITEM	DEFINITION	GUIDANCE
Thresholds	The amount of rateable value beneath which any hereditament may be exempted from levy or their levy may be calculated differently.	<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. ATMs, 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> <p>Some BIDs use the small business rate relief figure.</p>
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 will, 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.
Voter List	<p>The list of persons to be sent Ballot papers in respect of hereditaments to be subject to a levy.</p> <p>This is distinct from the ratings list and is an amended and more precise version of the ratings list.</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.

FAQS

When developing a BID Business Plan, here are the top questions levy payers will ask when voting in any ballot:

01. ■ **Has sufficient research and consultation been conducted?**

A: Only if all of those who will pay the levy have been included, and an appropriate proportion have responded, head office voters have been engaged and the proposed services exactly respond to the research findings.

02. ■ **Is the levy rate applied appropriate?**

A: The levy rate should be the minimum required to fund the services to be provided.

03. ■ **Do the BID Proposals meet the requirements of the BID Regulations?**

A: Only if the Regulations are met in full.

04. ■ **Has the correct BID area been selected?**

A: 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.

05. ■ **Is the proposed BID budget appropriate?**

A: Only if it is transparent and detailed, included 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.

06. ■ **Is the list being used for the ballot correct?**

A: Only if it's based upon the most up-to-date ratings information and has been supplemented with accurate local or head office voter information.

07. ■ **Are the plans for management of the BID reasonable?**

A: Only if they demonstrate the highest standards of corporate governance through a commitment to openness, transparency and inclusivity.

08. ■ **Is there a focus on the environment e.g. Sustainability**

A: Only if there is a commitment to raise awareness of sustainability and to consider the environmental implications of any activities.

Environment, Social & Governance (ESG)

Definition: Policies on ESG issues for both the BID Company and the BID levy payers.

Guidance: Increasingly, National levy payers expect that the BID will have ESG policies for its own operations and suppliers, and provide advice and guidance to the levy payers on how they might develop their own ESG policies.

09. ■ **Does the Business Plan achieve its objective?**

A: 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.

10. ■ **Is demonstrating approval for the BID Proposals through a positive ballot outcome sufficient?**

A: Only if a majority by number and by rateable value is accompanied by the highest possible turnout (current average is 45%).



Leading the BID industry

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