



BID pilot lessons learnt – a retailer's perspective

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For more information please contact –

Andy Godfrey,
Public Policy Manager,
Alliance Boots,
D90 West F20
Nottingham
NG90 1BS
Tel:- 0115 959 1232
Email:-
andy.godfrey@allianceboots.com

BID Pilot lessons

Partnership Development

To date nearly ninety BIDs have been launched in England and Wales, whilst a further fifteen ballots have been unsuccessful, not receiving the necessary 50% support. This review looks at early experience, and attempts to identify key elements in the BID process that have enabled towns and cities to achieve business backing.

BIDs involve charging businesses, within a designated area, an agreed additional supplement to their existing Business Rate. The levy is paid into a separate local account and is administered by a private sector led Management Board.

Business Improvement Districts (BIDs) will, under normal circumstances, evolve from previously established local private/public sector partnerships. Despite this, they will still require a significant lead-time to develop a broad consensus across the retail community supporting the principle of paying an additional levy. Typically a lead-time of 18-24 months has been required, once a credible delivery structure has been established.

BID Development Process

- For business to identify and engage with the BID, its boundary needs to be manageable and within clear natural boundaries. To date the majority of successful BIDs have targeted between 300 and 800 businesses.
- Service Level Agreements (SLA's) need to be set across a broad range of existing local authority provisions.
- Once these SLA's have been identified, additional benefits and services for business can be identified and defined beyond those delivered pre the BIDs launch
- BIDs may provide a potential source of funding, to deliver these additional

services. BIDs should therefore evolve as a response to need, rather than as a proposal preceding the consultation process

- Creating systems and structures to deliver the BID. For many this will require the establishment of a Company Limited by Guarantee
- Providing the resource necessary to create, develop and promote the BID prospectus. Experience suggests that this will require a minimum of 1 FTE for 15-24 months previous to the BID ballot
- Develop the Business Plan and consult with the electorate
- Identify other funding sources necessary to deliver the BID prospectus. Voluntary agreements will need to be entered into with property owners, the local authority and other grant funding providers. Wherever possible the core funding required to deliver the BID organisation (salary and overheads), should be provided from other sources, leaving the BID levy income available to deliver the projects identified within the BID Business Plan

Market Research

Researching from a variety of information will help to establish a base on which to build. The information can identify issues and strengths, and provide a factual evidence to support these. It may help to identify potential actions for the partnership and can be used as a starting point for benchmarking and monitoring. Research is likely to include;

- Basic baseline data on existing service provision with respect to services, facilities, users, transport provision and crime
- An appreciation of development plans and aspirations for the area within the BID boundary

- A full directory of all businesses within the BID area confirming their Rateable Value. Existing rating lists held by the Local Authority will rarely be accurate enough to use at `face value`. Significant time will therefore be required to update current listings

Start-up Costs

Town Centre Management initiatives may be able to steer the initial evolution of the BID, and contribute to some of its essential elements (for instance, providing necessary experience for negotiating and agreeing base line service deliveries with the local authority). However, the existing TCM resource will not be able to combine BID development with their ongoing 'role' and 'strategic' responsibilities. A dedicated 'BID resource' has in all cases proved necessary to develop and deliver a successful BID outcome.

Start-up costs are likely to include;

- A manager to develop the business plan, consult with business and promote the final prospectus
- Financial and legal support to launch the company limited by guarantee, the articles of association, insurance, company secretariat and accountancy resource
- Administrative costs – office facilities, corporate identity, stationery and marketing materials, communications, publicity costs etc.

BID Leadership

- The BID partnership needs to be business-led and managed, and independent from the public sector. The local authority will however have senior representation on the Board.
- The quality of the BID management team will be significantly boosted by the recruitment of a charismatic business leader to Chair the Board.

- Board membership needs to be representative of key interest groups across all business sectors, and should maintain a clear focus and shared vision
- Despite not being part of the BID ballot, major property owners have an important role to play in the development of the BID. It is difficult to imagine a successful BID that has not gained the support of the major property owners within its boundary, and a degree of financial commitment from them.

Local Authority Commitment

- For business to be supportive of a BID it needs to be convinced that the Local Authority is genuinely committed, at both member and officer level. Suspicions will exist that BID revenue may be used to subsidise existing budgets, and allow the diversion of resources to other local authority 'needs' and away from town centre investment
- Are council departments committed to the significant changes in working practice that a BID will necessitate? Will the public sector recognise a BID as supporting economic regeneration, or see it as a competitive threat to existing ways of working?
- Is the local authority prepared to invest in the necessary ongoing BID development (rate collection and management of the ballot)?
- The local authority will be required to fulfil a pivotal role in the mechanism of a BID (as a service provider and regulator), and is the ultimate custodian of the public realm
- Baseline deliveries need to be identified for existing council provision, and their delivery monitored throughout the lifetime of the BID. Without baseline service agreements the required 'additional' services and

'added value' will prove extremely difficult to identify and promote to business

- The local authority will also be a contributor to the BID, through rate payments for property it owns within the BID boundary

Presenting the BID Business Plan

For business to support a BID, clear, concise information is required in the Business Plan. Many hours will need resourcing for 1:1 consultation, and to gain business support for the Plan. Written communication posted to businesses, although necessary, will not provide sufficient proof of business engagement and support for the process.

A Business Plan needs to contain;

- The objectives of the BID - both short term (project focused), and longer term (strategic)
- An indication of the breadth of business engagement in the existing local partnership
- The BID management structure
- Confirmation that local authority service deliveries have been defined and additional BID deliveries identified
- How will the BID's effectiveness be measured? Measures will be in the form of both service and/or financial deliveries

Financial Realism

- Prospective BID companies need to be realistic in terms of the size of their proposed BID levy. For many businesses, making a financial investment in a local partnership will be a new concept
- BID proposers also need to recognise that companies trading nationally will be facing similar demands from a number of destinations. A corporate policy on BIDs is likely to be provided to local store managers and this may focus on priority locations

- Elsewhere in the world the BID levy is charged on property ownership. Targeting occupiers rather than owners (as in England and Wales) has many implications, but in relation to funding it restricts the scope for raising sizeable annual budgets from the levy alone
- A flexible approach to funding streams will therefore be required, since reliance on the BID levy alone will not be sufficient. If the initial levy is set too high, occupiers are likely to balk at the required financial commitment.
- Successful BID initiatives to date have levered significant levels of income from non-levy sources (averaging around 50% of the BIDs turnover within five years of its inception). Additional income is likely to be made-up through identifying 'match funding' opportunities; commercial income; separate contracts entered into with the local authority for service deliveries outside the focus of the BID; s106 funds; and property owner voluntary contributions.
- A number of local authorities have also part or fully funded the BID personnel, so as to allow all BID revenue to be focused on project delivery.
- Where a store is situated within a shopping centre, consideration should be given to a reduced levy (particularly where a retailer faces into an enclosed mall). This reduction (typically 25% to 30%) will reflect both property owner voluntary contributions, and existing service charge deliveries
- Business Improvement Districts have a finite life (usually five years). Unless a breadth of visible benefits are delivered within the lifespan of the BID, business is unlikely to support continuation of the initiative

Measuring Delivery

Once a BID has received a positive mandate, the hard work really begins! Mid-term and/or annual reviews need to be an integral part of the 5-year Business Plan. How many of the tasks/actions identified in the Plan have been achieved and how are the remainder progressing?

To illustrate the impact of clear measures, lets look at an example from Canada. By the end of the first five years, the BID in Winnipeg could claim;

- 86% of tasks had been 'achieved' and met
- This 'achievement' was further broken down into the various Working Group deliveries
- Throughout the process deliveries were clear and specific. For instance, the finance working group concluded that after five years their budget had increased by natural growth; there had been an increase in cash sponsorship; an increase in in-kind contributions; and an increase in match funding; resulting in 60% of their BID turnover being generated from non-levy sources

It is equally important to promote success! Remaining with the Winnipeg BID, each member of staff is targeted with meeting 1:1 a minimum of fifty BID members each year. Central to these discussions will be the organisations performance against the Business Plans targets.

Closer to home, the New West End Company in London, has identified over one million shoppers being attracted to its traffic free shopping event in Oxford Street and Regent Street each December. This event alone generates over £2.7 million in UK media coverage, and for many members, also generates more than their annual BID subscription in increased sales. Although an extreme example this powerfully illustrates the effectiveness of attaching a value to BID investment.