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## **Bath BID – Frequently Asked Questions**

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### **Would you be willing to pay a small amount per year to make a big difference to Bath?**

- Businesses will be asked to vote in October 2010 on whether they would like to set up a Business Improvement District in Bath
  - It could raise £680,000 per annum
  - All businesses with a rateable value of £25,000 and over will pay their fair share
  - It will only cost each business a small amount
  - It will be up to businesses to decide how to spend the money
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### **What is a BID?**

- A BID is a business-led and business funded body formed to improve a defined commercial area.

### **Where did the BID idea start?**

- BIDs were first established in Canada and the US in the 1960s and now exist across the globe, including in South Africa, Germany, Japan, New Zealand and Australia.

### **How many BIDs are there in Britain?**

- The majority of BIDs exist in town centres, however there are increasing numbers in industrial areas, as well as commercial and mixed-use locations. There is a total of 104 BIDs as at September 2010, of which 64 are in town and city centres.
- The average size of a BID is 300-400 businesses, with some of the smallest having fewer than 50 businesses and the largest at 2,500.
- Annual income is typically £200,000-£600,000 but can be less than £50,000 per annum or over £2 million.

### **How do you create a BID?**

- A BID can only be formed following consultation and a ballot in which businesses vote on a BID Proposal or business plan for the area.
- The ballot will be run by Electoral Reform Services on behalf of Bath & North East Somerset Council.
- All businesses eligible to pay the levy will be balloted.

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- For a BID to go ahead the ballot must be won on two counts: straight majority and majority of rateable value (the value of a commercial property unit). This ensures that the interests of large and small businesses are protected.
  - There is no minimum turnout threshold.

### **Who pays and who collects the money?**

- The BID levy is on business occupiers ie. business ratepayers, rather than property owners. This is in line with the business rates system.
- The BID levy is collected by the local authority into a ring-fenced account (called the BID Revenue Account) and passed to the BID Company for use on the projects and services set out in the BID proposal.

### **How much would I have to pay?**

- A BID is funded through the BID levy, which is a small percentage of a businesses' rateable value. The majority of BIDs charge 1% of rateable value, and in this case it will be 1%.
- Assuming a 1% levy, a business with a rateable value of £25,000 would pay £250 per annum
- Once a ballot is successful the BID levy is mandatory for all eligible businesses. BIDs can choose to exclude certain businesses from paying the levy (and therefore from voting in the BID ballot). Many BIDs exclude the smallest businesses and charities; some exclude certain business sectors or types of business. In this case charities will be exempt, small businesses below £25,000 rateable value will not be required to pay and shopping centre tenants will get a 25% discount.
- BIDs are often successful at attracting funding in addition to the BID levy. They are particularly attractive to public sector grant making bodies due to the private sector match-funding available through the BID levy. Local authorities, property owners, and businesses outside the BID area have all provided additional income for BIDs. In the case of Bath, £80,000 per annum has been committed in voluntary contributions so far on top of the £600,000 in BID levy income.

### **Is it just another tax?**

- No, the money does not go to the Central Government or the City Council. Funds are ONLY for the projects agreed and voted for by the participating businesses.

### **How do you ensure BIDs add value?**

- BIDs enter into baseline agreements with the local authority and other service providers which guarantee the level of service provision in the area. These ensure that any services the BID

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provides are truly additional. All these baselines are on the website [www.bathbid.co.uk](http://www.bathbid.co.uk)

- An Operating Agreement is also entered into between a BID and Bath & North East Somerset Council governing how the BID levy monies are collected and administered and passed over to the BID.

### **What do BIDs actually do?**

- The improvements made by a BID are determined by businesses and can include core services such as additional cleansing and security or more wide-ranging projects such as recycling, business support, improved infrastructure, joint purchasing, area branding and promotion.
- In the case of Bath, the BID is going to focus on three themes – Managing, Promoting and Saving

### **How long does a BID run for?**

- BIDs operate for a maximum of five years and in this case the term will be for 5 years.

### **What does the Running Costs component pay for?**

- To make sure that the BID is professionally run on behalf of businesses in order that it is transparent and accountable to those that pay there is a need to fund various running costs
- These running costs are divided between the management and overheads of running the BID and the collection charge from the Council for collecting the levy
- The indicative breakdown of the management and overheads component is shown below, but the exact details will be agreed by the BID board once the BID is set up:

#### **Management & Overheads**

BID Manager (full time)	50,000
BID Administrator (part time)	20,000
Financial accounting	5,000
Website and communications	5,000
Independent surveying	5,000
Annual review and reporting	5,000
TOTAL	90,000

### **What difference have BIDs made elsewhere?**

- "90% of respondents felt that the level of cleanliness has improved or greatly improved as a result of the BID."  
*Holborn 2006 Annual Report*
- "We promised to increase the numbers of visitors to the town centre by 1 million over the lifetime of the BID. Annual footfall has increased by 2 million since 2004, with 20 million daytime visitors recorded in 2008."  
*Kingston First Business Plan, 2010 -2015*

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- In the first term of the BID, NWECA achieved two years of sales growth ahead of the UK, a £40m action plan for regeneration, £12m matched funding from property owners and the Mayor of London, 1 million shoppers to each traffic-free event, £22m PR coverage, and a 16% reduction in crime. Plus an influential voice for business in the West End."  
**Jace Tyrell, Head of Communications, New West End Company**
  - "The Summer Festival project received universally positive feedback and was successful in creating a new retail peak during the summer. The visual impact of the festival banners was impressive and resulted in 100,000 website hits. The event generated 100 press articles and 20 TV features valued at £250,000. Research concluded 75% of visitors to the city were aware of the festival and 48% had visited specifically for an event. The average visitor spend was £40 higher than the regional average at £92. The City Centre attracted over 300,000 additional day visitors during 4 months."  
**David Draffan, Managing Director, City Centre Team, Plymouth BID**
  - "Recorded crime from 21.00-05.00 hrs down 50.6%; Recorded crime against a person down 51.8%."  
**Birmingham Broad Street BID2 proposal, 2009**
  - "During 2007, the BID achieved a 38% reduction in crime within the city."  
**Ken Baldwin, BID Manager, Hull City Centre BID**
  - "The BID levy raised approximately £1 million from retailers; this was matched by an additional £10 million from The Bristol Alliance, The Mall Bristol, Bristol City Council, the South West Regional Development Agency and other property owners. This has resulted in new paving, lighting, a whole new suite of street furniture and signage (static and touch screen), landscaping and six new pavement shops."  
**Bristol Broadmead BID2 Business Plan, 2008**

## What do businesses say about BIDs?

- "We believe that BIDs can be an important tool in co-ordinating collective investment to improve their trading environment."  
**British Retail Consortium in "Advice for BID Practitioners" document.**
- "From our experience to date, IBRF members consider that BIDs are quickly becoming a "must have" as a means of delivering added value to the business environment."  
**IBRF in "BID Support" document.**
- "Since 2004, the number and variety of Business Improvement Districts (BIDs) has grown, and many members of the Federation of Small Businesses (FSB) have become involved in their local BID. The FSB calls for the small business community to continue to be involved as early as possible in discussions on how BIDs operate and for the needs of small businesses to be recognised in the process."  
**Roger Culcheth, Local Government Policy Chair, Federation of Small Businesses.**

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- “CBI members value BIDs. The close cooperation between businesses and local authorities enables BIDs to offer a new service proposition to local businesses that they do not get elsewhere. Crucially the fact that businesses can vote on each proposal demonstrates that when they see the value of a BID, they are willing to provide the necessary funding.”

***Dr Neil Bentley, Director of Business Environment, Confederation of British Industry.***

### **How successful have BIDs been so far?**

- There are 104 BIDs around the country. Of those, 16 have come to the end of their first BID term and have balloted businesses to continue – all 16 have been voted in to continue their BID for a second term.