

## **Business Improvement District (BID) in United Kingdom**

*Many commercial areas including town and city centres, commercial locations and industrial estates are working to become an attractive, clean and safe destination for businesses and costumers. However, there is often the lack of financial resources and organization structure. The creation of a Business Improvement District (BID) is a solution to these problems. BIDs are about working in partnership based on the principle that more can be achieve through collaboration than working alone. Government legislation enabling the formation of BIDs, was introduced into England and Wales in 2003 and amended in 2004, empowering businesses to 'raise funds locally to be spent locally' on improving their trading environment. Over 170 BIDs have been developed to date in the UK.*



### **BID/BIZ**

*A new concept to improve the quality of your business and business park*

### **What is a BID?**

A Business Improvement District (BID) is a business led and business funded scheme to improve a defined commercial area, such as a town centre or industrial estate through additional services or new initiatives.

BIDs can deliver any projects or services that are agreed by the businesses in the BID area and that are over and above anything that the local council, police and other public sector organisations may provide.

A BID can be proposed by any business ratepayer, property owner, local authority or other key stakeholders with an interest in the BID area.

### **How does an area become a BID?**

A 'BID Task Group' is set up which is responsible for putting together a detailed business plan setting out the projects it aims to deliver on behalf of the businesses in the BID area.

This is based on a detailed consultation process with businesses. The business plan will include the projects, cost, delivery guarantees, performance indicators and the management structure.

A confidential postal vote is held, all the businesses that would pay the BID levy get a vote. To become a BID a majority of those that vote must be in favour by number and rateable value.

A successful BID then has a mandate for a maximum of 5 years after which the BID would need to seek a re-ballot.

### **How is a BID funded?**

BIDs are funded through a nominal levy calculated on the rateable value of all businesses within a defined area. Although the percentage can be set higher or lower, most BIDs apply 1% or 2% levies and sometimes exempt very small ratepayers.

Whilst the majority of income will come from the private sector, non-domestic rate-payers from the public and voluntary sector will also contribute towards the BID.

This levy income can be used to lever in more funding; for example from public sector agencies, grant bodies, sponsorship, landowners and trading income during the 5 year scheme, maximising the potential funding stream and the benefits that the BID can achieve.

### **How will the BID be managed?**

BIDS are normally controlled and managed by local businesses that are paying the levy, currently the majority of successful BIDs are delivered through a Company Limited by Guarantee or a Community Interest Company (CIC).

This company would be responsible for the delivery of the BID projects and services and directly accountable to all businesses through a board elected from those businesses that pay the BID levy.

### **Why do businesses support BIDs?**

A BID is a mechanism which allows businesses to raise a sum of money to manage and deliver projects that they have identified and believe will improve their trading environment, ultimately increasing trade for those businesses who are paying for the improvements. Town Centres are now in competition with on-line businesses and other services for their customers. The shopping experience and the feel and look of the town is now as important as the individual sale for the outlet.

BIDs are viewed by many businesses as a fair and affordable way of creating a ring fenced fund to promote the town centre for up to 5 years that is 'managed by business for business.'

Town centre BIDs generally focus on increasing footfall and generating additional consumer spend, something that has been particularly relevant to businesses in the recent economic climate. Across the UK there is clear evidence of the success of BID schemes which have led to increased footfall, higher spending, cleaner, safer and more vibrant towns.

Benefits of BIDs include the fact that businesses decide and direct what they want for the area; business is represented and has a voice in issues effecting the area; BID levy money is ring fenced for use only in the BID area – unlike business rates which are paid in to and redistributed by government; increased footfall; increased staff retention; business cost reduction (shrinkage, crime, joint procurement); area promotion; facilitated networking opportunities with neighbouring businesses and assistance in dealings with the Council, Police and other public bodies. the Council, Police and other public bodies.

