

Setting up the BID partnership

Defining the BID area

In the early stages of setting up the BID partnership, the BID area is likely to change quite considerably as understanding of the area and its issues grows. The Circle Initiative BID areas underwent a number of changes during their pilot phase. However, a final BID area must be defined before the partnership can proceed to BID ballot.

The best way to establish the optimum boundary for a BID area is by conducting a rateable value modeling exercise. The local authority is obliged to provide information to a prospective BID on the rateable value of business premises in the proposed BID area but is able to charge a reasonable fee for this service (none of The Circle partnerships were charged for this data). This information can then be used to develop a spreadsheet to test out the potential BID levy income that would be generated by different:

- **Levels of BID levy** e.g. 1% / 2% of rateable value or tiers of levy payment based on rateable value.
- **BID areas** - including and excluding streets and parts of streets. However, it is not ideal to include just one side of a street
- **Sectors / uses** - it is possible for a BID levy to be set just for a particular sector e.g. retail or leisure, or just ground floor uses
- **Levy rules** - rules like minimum thresholds for levy payment, discounts e.g. for charities and caps for any disproportionately large rateable values ([step 19, writing the BID proposal](#)). Depending on the nature of the area it may also be appropriate to exclude particular uses like car parks or mobile phone masts that would not directly benefit from a BID

This exercise can be used to ensure a BID boundary is set which is:

- **Viable** - produces sufficient levy income to allow a BID to provide services to make a difference in the area
- **Practical** - in terms of service delivery and where possible include both sides of a street. Ideally the BID area should be within one local authority because current BID regulations do not allow establishment of a cross borough BID ([step 13, the BID regulations](#))
- **Marketable** - covering a geographical area that businesses can relate to, with a BID levy set at a level which is likely to be acceptable to the business community, and therefore achieve a 'yes' vote
- **Equitable** - so all businesses in the selected area can receive a comparable level of service from the BID. All businesses do not have to receive exactly the same services but the area should not be extended to include businesses to increase the total rateable value if they will not benefit commensurately. Similarly, very large rateable values may need to be capped if the benefits they can expect to receive from the BID are far exceeded by the contribution they would make based on rateable value ([step 19, writing the BID proposal](#))
- **Manageable** - in terms of hereditament (a rateable unit of property) numbers for ease of canvassing and geographical area with respect to service delivery
- **Demonstrable** - where demonstration projects are being delivered, if possible, avoid extending the boundary into an area which did not receive demonstration projects, or similarly excluding areas that did receive demonstration projects



The Evidence from Circle

Better Bankside - the SRB area differed significantly from the eventual BID area so some demonstration projects were actually located outside the eventual BID area. Better Bankside created a matrix to evaluate different area options and identify the optimum combination of zones which would benefit from a BID.

Heart of London - The BID area changed quite considerably during the pilot phase. The final BID area includes one side of some streets that form a natural barrier and define the area. It also includes Shaftesbury Avenue where the additional cleaning costs exceed the revenue raised but this was judged appropriate because of its impact on perceptions on the area as a whole.

The Holborn Partnership the BID area shrank quite considerably as a result of the rateable value modelling exercise, which identified that a largely residential area was already clean and safe and therefore unlikely to stand to benefit from the BID.

Paddington BID - a rateable value modelling exercise was conducted using an Excel spreadsheet, which combined details of the hereditaments and rateable values by street. Five potential areas based on critical mass, likely income and services which could be offered spatially. A combination of three of these areas was eventually selected to become the proposed BID area. This approach expanded the original SRB area, which had a predominantly retail focus, to include another area dominated by hoteliers.

Waterloo Quarter - the pilot BID area was first set up to cover the district shopping centre and its environs in the Borough of Lambeth, and a major part of the boundary was actually the boundary between Lambeth (left) and Southwark (right). In 2003, following a BID viability exercise, including the issue of geographical coherence it was decided to extend the area across the borough boundary which zigzags across one of the main retail and leisure streets. The initial focus was on the main roads where businesses were concentrated but further work in 2004 and 2005 resulted in filling out this area to include the roads behind the main streets. The area was finalised in 2005 to only cover Lambeth, after the difficulties of establishing a cross borough BID emerged ([step 13, BID regulations](#)).

