



# BRADFORD BID FEASIBILITY STUDY





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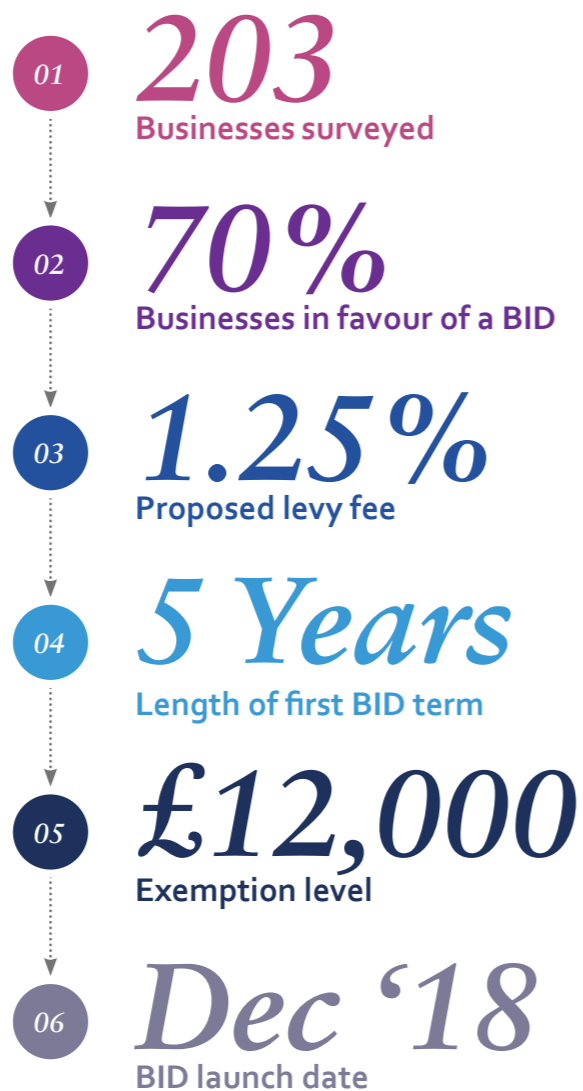
## EXECUTIVE SUMMARY

Earlier this year, Heartflood were commissioned to undertake a feasibility study into the possibility of introducing a Business Improvement District (BID) into Bradford city centre. The study began in July 2017 with the intention of releasing a summary report in November 2017.

Responses were received from a comprehensive sample of 203 businesses, representing approximately 35% of those within a defined Bradford city centre area and covering the retail, leisure, office and service sectors. This response level clearly indicates very strong support for the proposal to create a BID in Bradford, with 70% of the survey respondents' in favour.

Given that 70% of the sample are supportive of the proposals, we believe that there is more than sufficient demand for the City to move on to the next phase of BID development – namely detailed consultation and development of a draft business plan built around the following recommendations:

- A timetable to be adopted for businesses to vote on a BID for Bradford based on a detailed, fully costed business plan in September/October 2018, with a view to a five-year BID term starting in December 2018
- The proposed boundary of the BID to cover the whole of the City Centre, including the shopping centres (Kirkgate and Broadway) and the area known as Little Germany
- 1.25% is the most appropriate rate of levy to apply to the BID
- A reduced rate of 0.9375% to be proposed for premises within managed centres which already pay a service charge - this is because the service charge they pay already includes some of the benefits that the BID intends to deliver
- An exemption level is to be set at £12,000 – meaning that those properties with a Rateable Value of less than £12,000 would not be liable to pay the BID levy, although they are situated within the BID boundary and will gain some benefits because of this.



## POSSIBLE PROJECTS

The principal projects determined by the results of the survey will focus on aspects of the following key issues



## BUSINESS IMPROVEMENT DISTRICTS

Since the introduction of Business Improvement District legislation in 2004, more than 280 Business Improvement Districts have been created across the UK and the Republic of Ireland. In Yorkshire the most significant BID is Leeds BID, although one has been created and is working well in Keighley. The majority of BIDs focus upon town and city centres, although they are not confined to these areas; several have been formed in out of town industrial or commercial areas.

BIDs operate by raising a small levy to pay for additional services to help boost the performance of participating businesses (usually a small percentage of National Non-Domestic or Business Rateable Values) with the actual levy percentage varying depending on the area in question and the cost of the activities defined in the Business Plan. In most towns and cities with a BID, businesses pay an annual levy of between 1% and 1.5% of the actual Rateable Value of their business premises.

The voting papers are sent to either the tenant of the business or to the landlord (in the case of vacant units) inside the defined boundary that forms the BID. This report identifies what we consider to be the most appropriate potential boundary for the Bradford City Centre BID.

For any BID to be successful, there needs to be a majority of positive votes from the total number of votes cast AND these positive votes must also form the majority of the total aggregated rateable values of all the votes cast.

It is always the intention of a BID to create projects and activities within a town or city over and above those which already happen. A BID is not, therefore, a mechanism to allow any public or private sector body to cease providing existing, established activities or divest the cost of providing them.

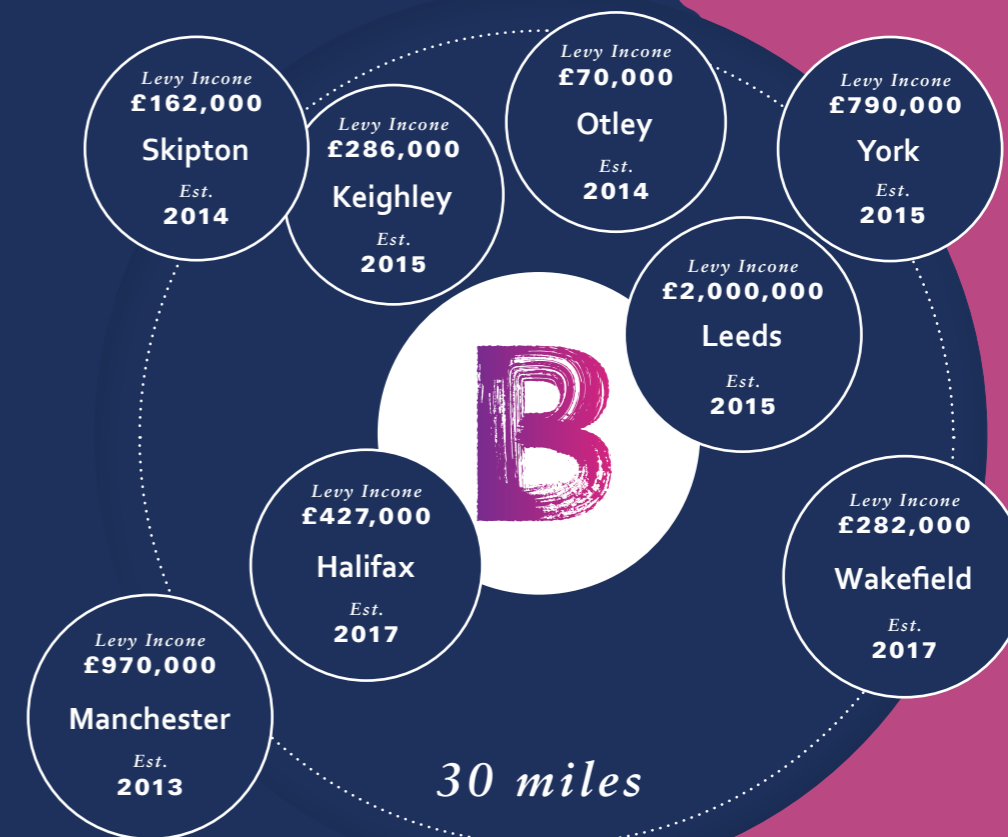
The maximum term covered by a BID Business Plan is five years and the continuation of any BID beyond this initial term is reliant on the generation of a renewed Business Plan and a renewal ballot of the businesses within the BID area.

BIDs generally involve the creation of a Company Limited by Guarantee, which limits the financial liability of any Company Director to £1. A Board of between 12-16 Company Directors is usually formed from BID levy paying organisations to create a representative and business-led group of Directors to oversee the financial, managerial and operational arrangements for the BID. The Chairman of the Board is invariably a local business person.

*It is always the intention of a BID to create projects and activities within a town or city over and above those which already happen.*

**ALMOST  
300  
BIDS ALREADY  
OPERATE ACROSS  
THE UK**

## EXISTING BIDS IN THE AREA



## BRADFORD CITY CENTRE OVERVIEW

Bradford is a major metropolitan urban centre, which sits strategically within the major motorway network that serves West Yorkshire, including the principal M62 link across the Pennines into Lancashire. It is well served by rail and has a major international airport within easy driving distance of the City Centre. The City Centre principally serves the day to day convenience needs of a relatively local catchment with little or no major appeal beyond this, although the recent Broadway and Sunbridge Wells developments have added a wide range of retail & leisure operators, widening the pull of the City Centre beyond its usual limited catchment population. The City Centre contains a range of ancillary services, including a number of banks, building societies, property agents, motor dealerships and professional services. There are also many churches, mosques and other places of worship, as well as a Post Office, University, health centres, cinemas and theatres, a library, a police station and a number of well-established facilities for a culturally diverse community.



## FACTS ABOUT BRADFORD



**4<sup>th</sup>**  
largest metropolitan district  
(in terms of population) in England



**5<sup>th</sup>**  
largest city in the UK



*the youngest city in Europe*

**£9.5bn**  
economy

Economy set to increase by  
**25%**  
over the next ten years

**17,000**  
businesses  
& more FTSE 100 companies than any other north of England city

## THE BUSINESS SURVEY

The core of Bradford City Centre with our initial BID boundary contains 585 business rate payers with a defined total Rateable Value of £37,413,100. These premises range from small specialist independent companies to significant national multiple operators. Feedback was sought from a strong, representative sample of all sizes and types of businesses within our defined boundary as to their attitude towards a Business Improvement District. It is important to note that while a tentative boundary line has been drawn to include the bulk of the City Centre as commonly recognised, this boundary will be 'tested' to ensure it is the correct delineation of the BID area and ultimately it may well change to reflect the different responses we record from businesses about the BID.

The feedback was captured in the form of an online, structured questionnaire which was carefully designed to disseminate a number of key pieces of information from the business community.

The online survey ran from July to the end of October to give adequate time for local businesses to engage with it and give their considered opinions. It was supplemented by hard copies that were distributed to various businesses including members of the West & North Yorkshire Chamber of Commerce. The survey was promoted during two open business meetings which were attended by over 30 businesses and ultimately the entire survey process yielded a total of 203 responses.

- 50% of respondents were from independent businesses, with 50 % being from multiple, franchise or other operators
- Business satisfaction about how well Bradford is currently performing was generally low, with the following levels of dissatisfaction being expressed about specific aspects of the City's offer:

**585**

Businesses rate payers

**£37.4 Million**

Total Rateable Value

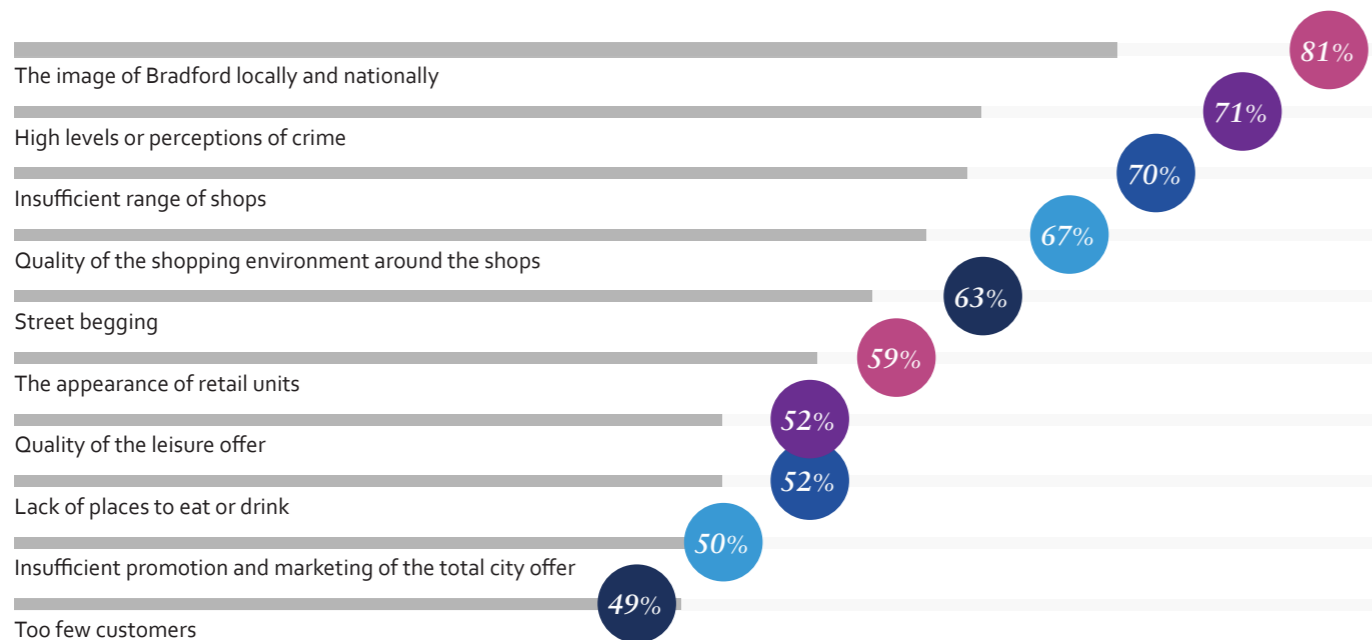
Perceived performance of aspects of the City Centre - "Do you think that Bradford City Centre achieves its potential as a..."

Percentage of responders who indicated that City Centre performance was negative or neutral compared with a positive take

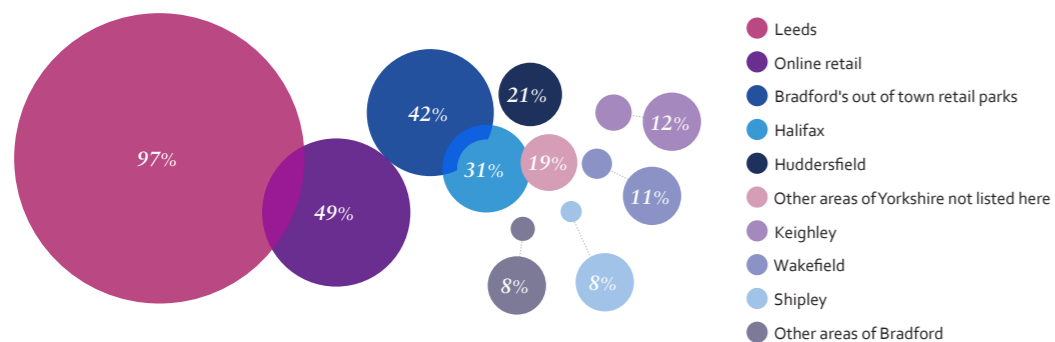
Retail centre	92%
Professional services hub	93%
Place to dine out	91%
Place to spend leisure time	94%
Day visits	89%
Weekend break location	97%

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The explanations given as to why businesses feel that Bradford under-performs were given as:

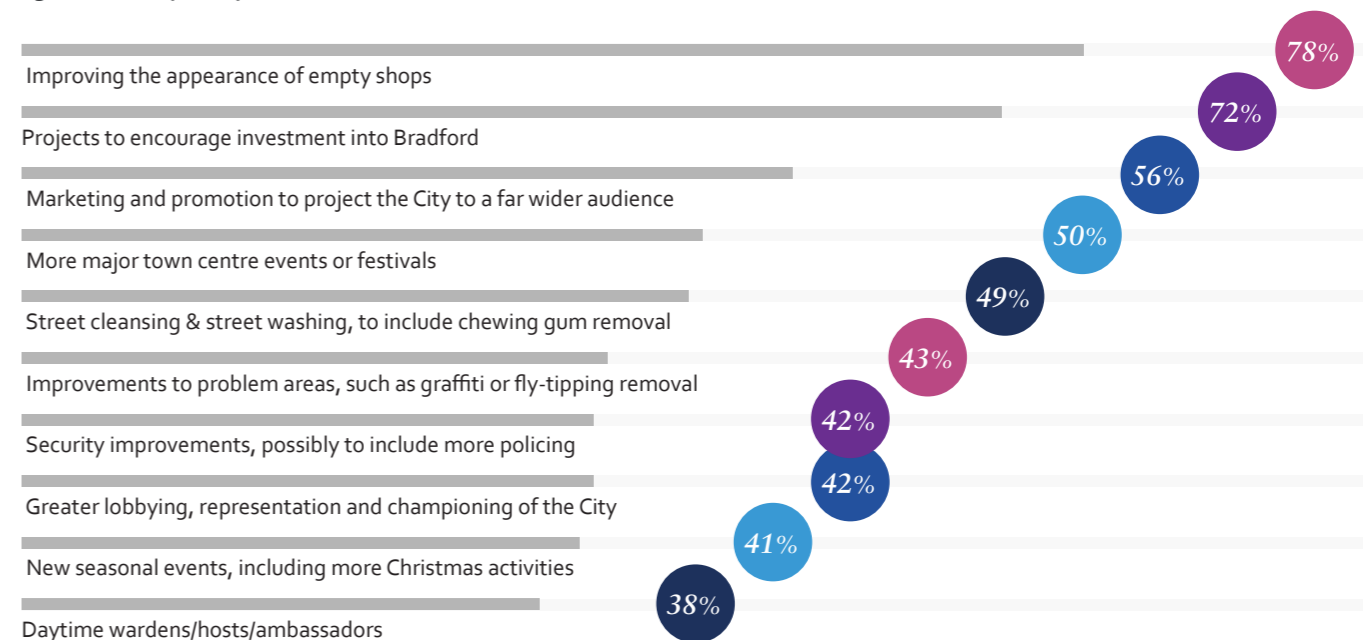


The main competitor locations were considered to be:



**56%**  
56% of respondents felt that Bradford would benefit quite a lot or hugely from the additional spend a BID would bring, with 35% indicating that there would be some benefit and just 9% considering that there would be no benefit

Businesses prioritised how they felt BID income should be spent as follows, again listed in priority order:



- 70% were in favour of the BID concept being tested by ballot, 22% were undecided and 8% were against the idea of balloting
- When asked how much they would be prepared to pay as a levy, 58% agreed with 1% of Rateable Value, 25% nominated 1.25% and 17% proposed paying up to 1.5% of Rateable Value
- 71% of businesses surveyed felt that they should be included within the potential BID area, while 22% were undecided and 7% indicated that they should remain outside a BID boundary

- There was a clear mandate for all types of business to be included, with 74% of the survey respondents supporting this - only 21% indicated that they wanted retail & leisure only and just 5% felt that retail only was the best option
- Businesses are relatively confident about the future, with 35% predicting their turnover would rise over the next 6-12 months, 46% considering that it would remain static and just 19% who anticipate a reduction in turnover

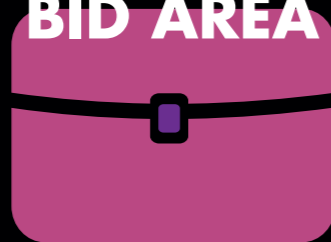
Throughout the survey period, we monitored responses to ensure that they formed a representative sample of the business community within the area identified in terms of the size, type, sector and geographical spread of respondents. We are satisfied that the survey responses are a representative initial sample of the Bradford City Centre business community and, with 70% in favour, the results show ample support for pursuing a BID.



**B** BRADFORD  
 BID



**AROUND  
600  
BUSINESSES COULD  
BE INCLUDED IN THE  
BID AREA**



## MAIN BOUNDARY OPTIONS FOR THE BRADFORD BID

Given that approximately 71% of respondents indicated that they considered a BID should occupy their area of the City Centre, the following geographical area is considered to be the prime plan for the proposed BID area.

We have based our income calculations for the estimated BID income on the above parameters and are confident that it offers sufficient common interest across the wider business community that the proposed projects would impact positively on all eligible voters.

Our recommended boundary would cover approximately 585 business listings and we recommend that further consideration be given to the inclusion of both the Little Germany area and the various phases of the Forster Square Retail Park. For the purposes of income calculation, we have included the Little Germany area and listed the Forster Square areas separately.





## LEVY OPTIONS FOR THE BID AREA

We have chosen to model scenarios in the range of 1% to 1.75% as these rates will give sufficient funding to achieve a fairly ambitious portfolio of projects, as hinted at by the survey returns.

In Bradford's case, our detailed examination of the RV listing suggests that approximately 1,350 businesses in the proposed area would be under this threshold and their annual BID levy would have generated approximately £75,000 per year. We anticipate that some of this number may voluntarily contribute towards any BID - setting such a threshold does not exclude any business from playing an active part in a BID if the owners/ occupiers choose to do so.

The latest ratings information has been applied in order to determine a range of possible levies and corresponding incomes per year and these, as well as a total income figure for the five-year period, are shown as follows:

Standard levy (%)	Reduced levy (%)	Total levy income
1	0.75	£335,475
1.05	0.7875	£352,249
1.1	0.825	£369,023
1.15	0.8625	£385,796
1.2	0.9	£402,570
1.25	0.9375	£419,344
1.3	0.975	£436,118
1.35	1.0125	£452,891
1.4	1.05	£469,665
1.45	1.0875	£486,439
1.5	1.125	£503,213
1.55	1.1625	£519,986
1.6	1.2	£536,760
1.65	1.2375	£553,534
1.7	1.275	£570,308
1.75	1.3125	£587,081

At this preliminary stage, the fields are felt to offer the best balance of levy income and manageable size of BID. They show the full area at a levy rate of 1.25%; together with our recommendations that an exemption level to be set at £12,000 and that a reduced levy of 1% is applied to tenants of managed centres who pay a service charge. However, we would emphasise that all of these recommendations should be subject to further testing and refinement through subsequent detailed business consultation.

To succeed in a BID ballot, a majority of total votes and total Rateable Value needs to be achieved and we consider that our recommendations would ensure a good mix of small and large businesses in the BID area.

*Bradford faces the challenge of a combined Rateable Value of the City Centre yielding a very modest sum if a 1% levy is applied.*

## FINANCIAL INCOME MODELLING

**A BID generally takes the form of a five-year proposal, although a very few have been set up for shorter periods. We suggest that a BID for Bradford be considered for a five-year period to allow the maximum amount of time for the BID projects to become accepted, actioned and generate positive results.**

BIDs are run as non-profit making organisations and so the budget within any BID Business Plan will propose income being equal to expenditure over the life of the BID period. Furthermore, BIDs operate as very lean organisations, with typically no more than 20% of expenditure being used for operating costs, meaning that the majority of BID expenditure is on improvement projects.

The bulk of BID income is derived from the Business Levy and it is prudent to set an anticipated collection rate of between 95%-98% depending on the view of the Local Billing Authority. Although BIDs have been proven to generate significant additional income in the form of grants, sponsorships, voluntary business contributions and trading activities as they develop, with the likelihood that a BID would generate an additional 10-20% of income by the end of its first five-year term. Patently the more additional income that can be generated over and above the levy, the better and more effective the additional activity programme can be and the better the return on investment provided to each levy payer.

## COMPARISON WITH ESTABLISHED BIDS

The following BIDs are considered to represent a good comparable sample range to Bradford in terms of geographical location, BID levy percentage and overall income.

City	RV Levy %	Levy Payers	Indicative Levy Income
Halifax	1.75	654	427,000
Manchester	1.4	400	970,000
Leeds	1.25	1,090	2,000,000
Wakefield	1.25	482	282,000
Liverpool	1.2	890	720,000
Sheffield	1.0	500	847,000
York	1.0	900	790,000
Hull	1.0	1,148	460,000
<b>Bradford (proposed)</b>	1.25	585	419,344
<b>Average of the above</b>	1.23	739	768,372

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## LIKELY VOTING PATTERNS

Whilst it is difficult to anticipate the voting patterns of all the businesses in the likely BID area, the survey suggests that there is considerable support for a BID in Bradford, with 70% of businesses responding positively to this survey question.

In addition, Heartflood have extensive recent experience of leading successful BID projects and so are aware of the contacts and likely voting patterns for a significant number of the national multiple businesses, with a number of the known supportive organisations trading in Bradford.

The result of this survey combined with the presence of a number of known positive BID voters suggests the strong likelihood that a BID could be created here within the next year



*The vast majority of BID ballots have been successful.*



## NEXT STEPS

Our experience is that the timescale and workload for a BID proposal is approximately 9-12 months.



## RISKS

The basic inherent risk in any BID process is that the ballot is rejected, by failing to gain the required majority of votes cast or failing to gain the majority of the aggregate Rateable Value of votes cast.

The vast majority of BID ballots have been successful. Certainly all that Heartflood have recently been involved with (in Cheltenham, Hastings, Hereford, Stratford upon Avon and Worcester) have been successful, although the Client should be aware that the risk always exists of a BID ballot being unsuccessful. This can result in:

- Zero return on the significant investment of time, effort, energy and money in developing the BID proposal
- Loss of reputation and credibility of the organisation(s) proposing and championing the BID process
- An informal requirement for a cooling-off period of at least 2-3 years before any reattempt is made to develop a BID within the City

An additional risk is the potential for the final ballot result to be challenged through a statutory process that is contained within the legislation. Voting irregularities or lack of appropriate consultation can generate a Secretary of State appeal. To our knowledge, no BID has been quashed through this appeals process but it is very debilitating, costly and time consuming to fight and of course erodes the five-year period of BID operation that can have lasting, long-term impact on BID achievement and subsequent success.







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