

Bridgend BID Steering Group Paper – 13th August 2015

Setting percentage level for the BID Levy: Reviewing the different options

1. Levy Rate and Threshold

Levy income has been modelled across various levy rate and threshold options.

The top 10 levy payers and average BID levy contributions are shown for guidance.

1.1. Top 10 business units by rateable value

Company	Rateable Value	Levy @1% Contribution per annum	Levy @1.25% Contribution per annum	Levy @1.5% Contribution per annum
Asda Stores Limited	£ 1,910,000	£ 19,100	£ 23,875	£ 28,650
Tesco	£ 660,000	£ 6,600	£ 8,250	£ 9,900
Bridgend County Borough Council (Civic)	£ 490,000	£ 4,900	£ 6,125	£ 7,350
Bridgend County Borough Council (Ravenscourt)	£ 275,000	£ 2,750	£ 3,438	£ 4,125
Boots U K Ltd	£ 200,000	£ 2,000	£ 2,500	£ 3,000
Wilkinson Hardware Stores Ltd	£ 188,000	£ 1,880	£ 2,350	£ 2,820
Poundland Ltd	£ 173,000	£ 1,730	£ 2,163	£ 2,595
J D Wetherspoon P L C	£ 153,000	£ 1,530	£ 1,913	£ 2,295
South Wales Police	£ 147,000	£ 1,470	£ 1,838	£ 2,205
Lloyds Bank Plc	£ 120,000	£ 1,200	£ 1,500	£ 1,800

1.2. Average BID member contribution (with no threshold)

Types of average	Rateable value	Levy @1% Contribution per annum	Levy @1.25% Contribution per annum	Levy @1.5% Contribution per annum
Median	£9,100	£91	£114	£137
Mode	£12,000	£120	£150	£180
Mean	£24,364	£244	£305	£365

1.3. Average BID member contribution (with £6,000 RV threshold)

Types of average	Rateable value	Levy @1% Contribution per annum	Levy @1.25% Contribution per annum	Levy @1.5% Contribution per annum
Median	£16,250	£163	£203	£244
Mode	£12,000	£120	£150	£180
Mean	£36,530	£365	£457	£548

1.4. Levy Cap

Relatively few BIDs have capping provisions (for the highest levy payers) and the circumstances are different in each one that do.

No levy cap is being pursued for the highest levy payers.

1.5. Membership threshold

Discussions have taken place regarding a threshold for BID membership, but no firm decisions have been made.

The industry criteria and guidance notes for BIDs (produced by British Retail Consortium, IBRF, Federation of Small Businesses and British Council of Shopping Centres) state:

“A minimum threshold of RV should be put in place beneath which hereditaments are exempt from the levy. This should particularly ensure that small hereditaments are excluded if the cost of collection would make their inclusion uneconomic.”

If a £6,000 threshold was adopted the following approximate calculations would apply (for the whole town centre area):

RV Threshold for membership £ (2010 ratings list)	No. of hereditaments	Levy Income (1% levy)	Levy Income (1.25% levy)	Levy Income (1.5% levy)
No threshold	514	£125,232	£156,540	£187,848
£6,000 threshold	327	£119,454	£149,317	£179,180
Difference	187	£5,778	£7,223	£8,668

A few BID areas have set a minimum levy contribution for those that fall below a certain level (e.g. £100 for all business with a rateable value of below £10,000). This option would need to be considered in relation any associated additional costs of collection.

For example if a minimum payment of £100 was required the following calculations could be used:

Levy percentage	1%	1.25%	1.5%
Those below RV pay minimum of £100	All below £10,000RV pay min contribution	All below £8,000RV pay min contribution	All below £6,700RV pay min contribution
Totals BID income for Bridgend town centre	£139,989	£168,544	£197,940

The alternative option would be to introduce a 'Business Club' option, where those below a minimum threshold, along with those that fall outside the BID area, can join voluntarily and benefit from some of the BID services.

1.6. Different levy rate/threshold comparisons

Variable levy options	Annual incomes from BID levy	Total no. of hereditaments
Annual levy income at 1% of RV (assuming threshold = £6,000; no cap)	£119,454	327
Annual levy income at 1% of RV (assuming min. contribution of £100 for RV below £10,000)	£139,989	514
Annual levy income at 1% of RV (no threshold; no cap)	£125,232	514
Annual levy income at 1.25% of RV (assuming threshold = £6,000; no cap)	£149,317	327
Annual levy income at 1.25% of RV (assuming min. contribution of £100 for RV below £8,000)	£168,544	514
Annual levy income at 1.25% of RV (no threshold; no cap)	£156,540	514
Annual levy income at 1.5% of RV (assuming threshold = £6,000; no cap)	£179,180	327
Annual levy income at 1.5% of RV (assuming min. contribution of £100 for RV below £6,700)	£197,940	514
Annual levy income at 1.5% of RV (no threshold; no cap)	£187,848	514

In addition to funding from the levy, the BID should also strive to bring in additional income. Many BIDs have been successful at this, with a number achieving 1 for 1 match funding.

A preferred option needs to be decided upon, which would be tested during further consultation with potential levy payers and reviewed at future meetings.