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SPECIFICATION

**BUSINESS IMPROVEMENT DISTRICTS: PILOT
PROJECT TENDER PROCESS**

November 2005

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BUSINESS IMPROVEMENT DISTRICTS (BIDs) IN SCOTLAND

Introduction

1. The purpose of this specification document is to seek applications from interested parties to be a BID Pilot. The Pilots will start their work from June 2006, running until June 2007 by which time legislation is expected to be in place for formal BID projects to progress. There are 2 types of Pilots, in 5 different locational categories. These are outlined at paragraphs 13 and 25. **Applications must be submitted via email no later than 24 February 2006.** Full details of the background to this work, and an outline of the application details and requirements are outlined below.

Background

BIDs

2. A Business Improvement District (BID) is a precisely defined geographical area of a town, city, or commercial district, where businesses vote to invest collectively in local improvements resulting in improved economic performance. BIDs are developed, managed and paid for by the business sector by means of a compulsory BID levy on each business's non-domestic rates bill.

3. Before agreeing to fund the additional investment the businesses themselves will decide how their money will be spent and how much they are prepared to pay. Each business liable to contribute to the BID will be able to vote on whether or not that BID goes ahead.

4. A BID can be established wherever additional services to those which the Local Authority provides are desired by the local business community. It could be located in a town centre, in one or two particular streets or an entire city centre area. Equally it could be located in an Industrial estate, business park or even, if there is sufficient business support, in a sparsely populated area. The Pilot Project work will test the BID concept in a variety of locations to demonstrate this.

5. There are no boundaries to what can be achieved via BID projects as long as all parties in the BID process agree on the improvements that need to be made, and the steps required to achieve it.

6. In Scotland "*Business Improvement Districts - A consultation paper*", issued by Ministers on 3 July 2003, sought views on how Business Improvement Districts (BIDs) might be implemented in Scotland. Following the consultation the Minister for Finance and Public Services set up a working group involving stakeholders from both the public and private sectors, to progress the introduction of BIDs in Scotland. This Group agreed a final report which was agreed by Ministers.

7. Both the Consultation document and papers from the Working Group can be accessed on the Scottish Executive website:

(<http://www.scotland.gov.uk/about/FCSD/LG-PERF2/00017999/bids.aspx>)

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The Pilot Project Steering Group

8. One of the main recommendations made to Ministers was that a Steering Group be set up to progress the Bid Pilot Project process. This Steering Group involves relevant experts from the public and private sector.

9. Membership of the Steering Group:

- Association of Town Centre Management (ATCM)
- Boots Group
- British Property Federation (BPF)
- COSLA
- Federation of Small Businesses (FSB)
- Forum of Private Business in Scotland (FPB)
- Royal Institute of Chartered Surveyors
- Royal Town Planning Institute
- Scottish Assessors Association
- Scottish Chambers of Commerce (SCC)
- Scottish Enterprise (SEnt)
- Scottish Executive
- Scottish Retail Consortium (SRC)

Pilot Projects: Demonstration and Pathfinders

10. BID Pilot Projects are to be introduced in Scotland in order to demonstrate the benefits to be gained from BID projects; to flag up any issues that could be resolved prior to introducing legislation; and to build up business support for the policy. The Working Group agreed two approaches for the Pilot Projects, each of which have distinct benefits. Details of these and the separate processes in place are outlined below.

Project Management

11. The projects will be commissioned and funded by the Scottish Executive. The Projects will be managed by a Project Manager appointed by the Steering Group. The successful applicants will be required to work with the Project Manager and supply any relevant data they require. The contractor will meet with the Project Manager on a regular basis.

Demonstration Project

12. There will be one Demonstration Project, provisionally intended to run for one year. The Demonstration Project will identify and fund agreed improvements to a defined area. Scottish Ministers will fund the improvements. The aim of this is to demonstrate the potential benefits to businesses from the BID approach, and serve as a “BID showcase” in order to generate support for the BID concept in Scotland.

13. The Demonstration Project is to be located in a medium-sized town in need of renewal. This is defined as a town with an approximate population of between 15,000 and 40,000 with a town centre that is currently operating below potential and exhibiting such

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symptoms as physical decline, a reducing range of shops and services, poor maintenance of public areas, and high levels of crime and anti-social behaviour.

Assessment of applications

14. Assessment of applications will be undertaken by a sub-group of the Steering Group, involving public and private sector representatives. The chosen location for the Demonstration Project will then be submitted for Ministerial approval. All applicants will be notified of decisions taken by 28 April 2006.

15. The overall criteria upon which tenders will be assessed are as follows:

- Clarity of project aims
- Relevant expertise and capacity of applicant/organisation
- Long term viability of outlined proposals
- Links with other initiatives in the area
- Involvement of the business community in proposed area
- Involvement of local authority

Budget

16. The budget available for the Demonstration project is **£300,000**, to cover the 12 months of the Project. Applications should bear this in mind when drawing up their proposal.

Information Required in application

17. Applications should consist of no more than 3,000 words. A template has been supplied at **Annex A** which should be used for submission of applications. This will ensure that each application has all the required information to allow the Steering Group to make their assessments.

Timetable

18. The process will be carried out over a 16 month period between February 2006 – June 2007. The approximate timetable for the projects will be:

Submission of applications	24 February 2006
Analysis of applications completed	31 March 2006
Announcement of Pilot locations	28 April 2006
Preliminary arrangements with Project Manger	May 2006
Demonstration Project work begins	June 2006
Demonstration Project work ends	June 2007

19. Final schedules will be agreed with the successful applicants, and will form part of the contract.

20. Applications should be submitted via email to billy.mckenzie@scotland.gsi.gov.uk no later than **24 February 2006**. A signed hard copy of the application should also be sent, in a sealed envelop marked '**BID Pilot Demonstration Project Application**', to: Billy

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McKenzie, Finance and Central Services Department, Scottish Executive, 3J North, Victoria Quay, Edinburgh, EH6 6QQ. This should arrive by **28 February 2006** and should be signed by the senior lead officer for the proposed pilot.

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Pathfinder Projects

21. Although the Demonstration Project will provide an example of the type of benefits to be gained from businesses investing in their local area, that that approach does not test the willingness of the business community to engage in a genuine BID project which they fund themselves. There would also be several practical issues regarding the ballot, the BID levy and the involvement of property owners (depending on decisions by Ministers) that would not be adequately tested if central funding were supplied. Given this the decision was taken to undertake a twin-track approach to the Pilot Projects.

22. Pathfinders would be more akin to the full BID model. Ministers will not be supplying funding to cover the costs of any improvements/additional services, although they will provide initial start-up costs to ensure work in developing the proposal can get underway immediately. Often the most difficult part of developing a BID proposal is the initial resources required to undertake the development of the business plan and engagement with relevant stakeholders in order to raise awareness of the proposal. The availability of funding to cover this will ensure that there are no delays in this important work.

23. Once the business plan is developed and awareness of it has been disseminated widely amongst the businesses who would be liable to pay the levy the BID proposal would be ready to go the vote as soon as the legislation came into force. Ministers are committed to having BIDs in place in Scotland by 1 April 2007, although this is dependent on Parliament passing the necessary legislation.

24. Ministers have agreed to provide some initial start-up funding for each Pathfinder Project. This funding is to cover the administrative costs involved in working up BID proposals (staff costs, travelling expenses, stationery, accommodation costs). The amount supplied will depend on the size of the project and its specific requirements, although the funding made available will not exceed **£50,000** per project. This will cover the initial 12 month preparation period.

Locations

25. Four categories have been chosen for the Pathfinder Projects, this is to demonstrate that BIDs can be developed in a range of locations rather than being seen as purely City initiatives. These locations are:

Prospering City Centre Area

An area within the central core of one of the 6 Scottish Cities (Aberdeen, Dundee, Edinburgh, Glasgow, Inverness and Stirling) which is currently operating successfully, but would benefit from additional improvements.

City Centre Renewal Area

An area within the central core of one of the 6 Scottish Cities (Aberdeen, Dundee, Edinburgh, Glasgow, Inverness and Stirling) which is currently in need of regeneration.

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Prospering Town Centre

All or part of a town centre where town centre management already exists, where there is clear support from businesses and other stakeholders for a BID (and where a BID might provide additional services).

Business Park/Science Campus

All or part of such an area where there is clear support for a BID.

Assessment of applications

26. Assessment of applications will be undertaken by sub-groups of the Steering Group, involving public and private sector representatives. The chosen locations will then be submitted for Ministerial approval. All applicants will be notified of decisions taken by 28 April 2006.

27. The overall criteria upon which tenders will be assessed are as follows:

- Clarity of project aims
- Relevant expertise and capacity of applicant/organisation
- Long term viability of outlined proposals
- Links with other initiatives in the area
- Involvement of the business community in proposed area
- Involvement of local authority

Information required in application

28. Applications should consist of no more than 3,000 words. A template has been supplied at **Annexes B to E** which should be used for submission of applications. This will ensure that each application has all the required information to allow the Steering Group to make their assessments.

Timetable

29. The process will be carried out over a 16 month period between February 2006 - June 2007. The approximate timetable for the projects will be:

Submission of applications	24 February 2006
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30. Final schedules will be agreed with the successful applicants, and will form part of the contract.

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31. Applications should be submitted via email to billy.mckenzie@scotland.gsi.gov.uk no later than **24 February 2006**. A signed hard copy of the application should also be sent, in a sealed envelop marked '**BID Pilot Project Pathfinder Application**', to: Billy McKenzie, Finance and Central Services Department, Scottish Executive, 3J North, Victoria Quay, Edinburgh, EH6 6QQ. This should arrive by **28 February 2006** and should be signed by the senior lead officer for the proposed pilot.

Contact for further information

32. If required, further clarification of specific points can be sought from:

Billy McKenzie
Finance and Central Services Department
Scottish Executive
3J North, Victoria Quay
Edinburgh, EH6 6QQ
Tel: 0131 244 7051. Fax: 0131 244 7020
E-mail: billy.mckenzie@scotland.gsi.gov.uk

BID Steering Group
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