

Tourism Business Improvement Districts

Establishing TBIDs in England: An introduction

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Foreword

The past eighteen months has seen a pretty fundamental shift in the way that tourism in England is managed, the greatest change perhaps since the late 1960s, and that's because, now more than ever before, tourism is being managed where it takes place – in the destination. Local businesses, local organisations and local people now have the ability to work together to decide how best to deliver excellent visitor experiences and grow the visitor economy, realising its true potential and raising standards for everyone.

With the support of VisitEngland, destination management organisations can each now establish their role as local leaders of the visitor economy and the reason they can do this is because they can pull together the interests of everyone with a stake in each place. The beauty of this approach is that although everyone acknowledges that organisations from the public and private sector have a role to play, neither can deliver growth alone. Working in partnership is the key to success, but the important thing is that it's a partnership where the private sector leads, and the public sector follows.

So tourism business improvement districts (TBIDs) are a welcome opportunity to take this further. Building on existing partnerships or by organisations coming together to decide and fund their own destiny, they represent a collaborative approach, based on a successful model that presents a real chance for tourism to grow as local businesses want. And this is important because I firmly believe that local businesses understand the challenges better than anyone else, that destination management organisations can realise growth, and that the TBID initiative is one that could really help deliver the local potential.

Developing TBIDs will not come without its challenges though, and the initiative will need time to establish itself as a realistic option. The English Core Cities Destination Management Organisations, who have developed this guidance on TBIDs, have done a great job on this document which sets out many of the issues, but also establishes a clear and welcome way forward. I warmly commend it to destinations, local authorities and those managing tourism locally.

John Penrose MP

Minister for Tourism and Heritage

1: Preface

- 1.1 This publication, based upon research undertaken by the English Core Cities Destination Management Organisations (DMOs) and VisitEngland, has been produced to provide insights into some of the most important issues that will need to be considered by DMOs, local authorities, tourism businesses and other partnerships, in developing proposals for tourism business improvement districts (TBIDs) in England.
- 1.2 It is primarily an introductory report which summarises the headline conclusions drawn from a review of how business improvement districts (BIDs) operate in the UK, how TBIDs have evolved in the USA, and how existing legislation might facilitate the development of TBIDs in England.
- 1.3 Whilst this document is intended to stimulate debate and further exploration of the potential of TBIDs, it is not a definitive guide to how the business improvement district legislation might be applied within the context of a tourist destination, and those considering developing a TBID should ensure they take appropriate expert advice when developing their proposals. The UKBIDs National BIDs Advisory Service has produced a good practice guide to business improvement districts and British BIDs has produced guidance notes for those developing business improvement districts, both of which offer valuable advice, while a number of other resources and case studies are available online detailing how TBIDs have been developed in the USA.
- 1.4 The Department for Communities and Local Government has also produced guidance on the Business Improvement Districts (England) Regulations 2004 which provides important background information.
- 1.5 The purpose of this publication is therefore not to duplicate what has already been published, but to highlight some of the key features of TBIDs, to identify points of difference between the operation of BIDs generally and TBIDs, and to identify the main issues that TBID proposers should consider in developing their projects.

The visitor economy and the new financial landscape

- 1.6 The context within which the visitor economy is required to operate has changed beyond recognition in the last 20 years. Arguments put forward in recent years about how the industry is encouraged to grow and develop, and how to generate the investment needed to deliver growth have been superseded by a new financial landscape, and a new agenda has emerged which demands that funding models in particular be viewed from a new perspective.
- 1.7 Growth in England's tourism economy since the 1970s has been supported by substantial investment by local and national government in council tourism departments, national tourism bodies, and regional tourist boards, and latterly through the regional development agencies and DMOs. However, this model, based upon heavy public-sector dependency is no longer sustainable, and there is a need to look at alternatives that deliver the level of investment required to meet the growth aspirations of government, VisitEngland, the industry, and destinations alike.

- 1.8 Tourism currently contributes £97 billion directly and indirectly to the UK's economy – 8.9% of UK GDP (Deloitte 2010), and the 10-year Strategic Framework for Tourism in England 2010-2020 published by VisitEngland sets out how stakeholders can work together to deliver sustained growth in value, year-on-year, resulting in an additional £50 billion in expenditure and the creation of 225,000 jobs.
- 1.9 While the challenge of delivering this level of growth should not be underestimated – and the industry is almost certainly operating at well below its optimum level – the benefits that would be derived at both local and national levels in terms of employment, investment, and social and economic benefits to host communities are considerable. The key to unlocking this potential is the delivery of effective strategies at a local and sub-regional level.
- 1.10 Financing the development and delivery of high-quality tourist-related services at a local level, and the marketing and promotion of destinations required to retain visitors from within the UK and attract tourists from overseas, will increasingly depend upon the development of new partnerships based upon innovative funding models.
- 1.11 TBIDs offer one such model and present a real opportunity for the industry. They offer the potential of a step change away from sector support mechanisms which have all too often been reactive and short term in nature, and deliver programmes that are determined on an ad hoc basis, to a sustainable and strategic alternative that is built on genuine and binding partnerships, and have a real business focus.

2: An introduction to BIDs and TBIDs

What are BIDs and TBIDs?

- 2.1 A BID is a project developed in accordance with the Business Improvement District (England) Regulations 2004 within which businesses and other stakeholders contribute a levy determined by a prescribed formula, to create a fund to develop responses to impediments to growth, or to improve the trading environment in which they operate.
- 2.2 The way in which the levy is calculated, the nature of the work that the levy funds, and how the project is managed and delivered is set out in a proposal that is the subject of a ballot. The ballot requires both a simple majority, and a majority based upon rateable value of those participating, for it to be carried.
- 2.3 The levy is collected by the local billing authority (the local council) which has specific roles and responsibilities in the process, and is paid to the BID delivery body, which is usually a locally managed public/private sector partnership accountable to the BID levy payers for the delivery of the BID programme. All monies raised are managed by the partnership.
- 2.4 Most existing town and city-centre BIDs are based upon relatively small, tightly-defined areas and the BID levy is used to fund projects which reflect the priorities of the levy payers. They often aim to deliver projects such as improved maintenance of public areas, enhanced levels of cleanliness, improvements to infrastructure and services, public safety, promotion and marketing.
- 2.5 A TBID is broadly similar to a BID but is designed to directly and specifically support the development of the tourism sector within a destination rather than a cluster of businesses that share a common trading environment.
- 2.6 As in the case of BIDs, the scope of the work programme emerges through an in-depth consultation process that takes place before the ballot, between the TBID proposer, and those businesses and organisations that may have a stake in the TBID as beneficiaries of the increased business levels that the project aims to generate.
- 2.7 TBID programmes, which will be locally determined, are likely to fall into five categories:
 - Sales and marketing campaigns such as advertising, PR, field sales and online marketing.
 - Research such as customer research, business trends, and brand mapping.
 - Business support such as technical advice, training and networking.
 - Tourism services such as visitor services, festivals and events, guiding and information.
 - Capital investment to fund infrastructure projects.

The origins of BIDs and TBIDs

- 2.8 Business improvement districts were first piloted in England through a national project in 2003, after which regulations were passed in 2004 permitting their wider establishment. Since then, well over 100 BIDs have been formed in the UK almost entirely focussing on retail and industrial areas, business parks, town and city centres, and the night-time economy.
- 2.9 BIDs have operated in many other countries for over 30 years and there are currently over one thousand in the USA alone, but while BIDs across the world share much in common, it's important to bear in mind that they are all regulated by legislative frameworks that differ from one country to another.
- 2.10 TBIDs were pioneered in the USA throughout the 1990s in response to the concerns of the tourism industry that the receipts raised by public administrations through bed taxes and visitor levies were not being adequately reinvested to support the visitor economy. These concerns coupled with a long acceptance of the benefits of business improvement districts and a desire by businesses to take greater responsibility for the development and marketing of tourism in their areas, prompted groups of hotel operators and other tourism businesses to examine ways in which the business improvement district concept could be developed to meet the specific needs and priorities of the sector.
- 2.11 Since then, many business partnerships across the USA have established TBIDs generating hundreds of millions of dollars which are invested in marketing and promotion, the provision of services to visitors, and supporting for the sector's growth and development.
- 2.12 But TBIDs in the USA differ in one important respect to the way in which BIDs have generally hitherto operated in the UK in that rather than setting a levy that is a percentage of each property's rateable value, they normally raise a levy on each person staying each night in hotels and guest accommodation. Hence TBIDs in the USA, while offering some useful insights into how the concept has evolved, are likely to be quite different in many respects from how TBIDs might evolve in England, but they do nonetheless illustrate what could be achieved and the potential benefits they might deliver.

TBID case studies

- *In 1995, the California state authority established a TBID which raised \$50 million a year for destination marketing. Prior to that in 1992, West Hollywood pioneered the TBID concept that stimulated the formation of over 50 other TBIDs. Currently in California, local TBIDs raise in excess of \$100 million annually for tourism development which has been used to fund national and international marketing campaigns to boost tourism to the state.*
- *In Napa Valley the majority of the local bed tax was retained by the county for public services so with the active support of the hotel sector, a TBID was established to produce a stable source of revenue for tourism promotion based upon a 2% levy hotel bookings which delivered a 750% increase in marketing investment and an annual budget of \$4 million.*
- *The state of Montana has operated BIDs for over 25 years and the Billings Chamber of Commerce, which runs the city DMO, led efforts to develop TBIDs. Hotels now apply a levy if 60% of property owners agree and the DMO manages the TBID which is collected through the property tax. The levy has increased the budget available to the DMO from \$200,000 to \$850,000 p.a.*
- *TBIDs have also been developed in:*
 - **San Francisco** where over \$27 million was generated in 2009
 - **Baltimore** where \$2–3 million was raised to support the work of VisitBaltimore from 2010
 - **Orange County** where a TBID is expected to generate \$9 million for the DMO allowing existing public sector tourism funds to be redirected to the Anaheim Convention Centre
 - **Coronado** where a TBID is expected to generate \$1 million to promote the city nationally and regionally

How does a TBID differ from a conventional BID?

- 2.13 There probably isn't any such thing as a 'conventional BID', since each is designed to address specific local circumstances, and TBIDs too will each be different, reflecting local priorities, pressures and opportunities. They will be determined locally in every respect – the priorities, the levy, the management and governance.
- 2.14 In many respects, since TBIDs will be developed under the existing legislative framework, they will inevitably also share much in common with established BIDs and will be developed through a six stage process:
- Consultation with stakeholders to secure support and to agree priorities.
 - Scoping the area, defining the levy payers and how the levy will be calculated.
 - Establishing governance, control and leadership arrangements.
 - Development of a prospectus and business plan, and canvassing support.
 - Balloting potential levy payers.
 - Delivering the programme, review and revision.
- 2.15 Other important aspects that will be common to both TBIDs and conventional BIDs are:
- The roles and responsibilities of the billing authority (the local authority responsible for collecting business rates).
 - The roles and responsibilities of the BID proposer.
 - The operation of the ballot and what support is needed for a BID to be approved.
 - How the levy will be accounted for and managed.
 - The roles and rights of the levy payers.
- 2.16 However, TBIDs are likely to differ from BIDs in several important aspects including:
- a) The way the levy is determined –
 - BIDs in England are generally based upon a model whereby all or most businesses within a defined area contribute an annual levy that is usually defined as a percentage of their property's rateable value, but it is unlikely that except in a minority of cases, a TBID would on this basis produce the level of investment required to have a significant impact because the number of businesses contributing would be comparatively small. However, BID legislation provides a high level of flexibility in relation to the calculation of the levy and it is more likely that (as in TBIDs developed in the USA) the levy will be based upon criteria such as footfall or sales, or some other factor directly related to business levels.
 - b) The way levy payers are defined –
 - BIDs generally require all businesses within a specified area except where exemptions exist, to become levy payers. However, TBIDs are likely to define levy payers by the type of service they provide and the sector within which they operate.
 - c) The geographical spread of a TBID which is likely to be much more extensive than a conventional BID –
 - BIDs tend to operate within fairly narrowly defined areas whereas TBIDs are likely to be more extensive and defined by the levy payers' association with a particular destination brand or local DMO.

3: Developing a successful TBID proposal

The first steps

- 3.1 The process of developing a TBID from concept stage to delivery is initially likely to take 12 to 18 months where a mature tourism partnership body such as a successful DMO already exists. Where this is not the case and it is necessary to develop a new delivery body, this process is likely to take a further 12 months or more. However, the timeframe for subsequently renewing TBIDs will shorten as delivery bodies gain experience and the concept proves its worth at a local and national level.
- 3.2 Many businesses and organisations involved in town and city centre BIDs will be very familiar with the BID concept and have established joint working practices to exploit the potential of such projects. However, this level of familiarity has evolved over a long period of time and those developing TBIDs should be mindful that bringing forward a TBID proposal likely to be successful at the ballot stage, will depend upon them investing a considerable amount of time and resources in introducing the concept, and communicating and consulting with potential stakeholders.
- 3.3 The three key principles that TBIDs will be founded upon, and which should be emphasised to stakeholders are:
- The decision whether a TBID should be established or not, and its shape and form rests with the levy payers.
 - The levy payers have a direct influence over how the levy is used.
 - The programme is delivered by a partnership body that genuinely represents the interests of the levy payers and engages in an open and on-going dialogue with them.
- 3.4 TBIDs will require effective management and leadership. They are likely to be established more readily where there already exists a mature DMO with a proven track record of operating as an independent and respected sector leader, and has in place the necessary governance structures to operate the project. Where no such DMO exists, local business-led tourism associations might also be appropriate structures to develop TBIDs.
- 3.5 TBID proposers should be mindful that levy payers will understandably need assurance that the levies are being invested in activities and projects that will result in real net growth rather than displacement of visitors from one place to another. In addition to being able to demonstrate this, those developing TBIDs should also give consideration to how locally generated TBID levies might in a wider context, and in collaboration with other TBIDs, support growth of the domestic tourism market by encouraging more UK residents to holiday at home, and expand England's international tourism market.

The levy payer

- 3.6 TBID proposers will need to define who should be consulted in the development of the TBID proposal and ultimately become the levy payers. This will depend upon a number of factors including the way benefits derived from the TBID programme are likely to impact upon different business clusters within the local economy. This will be unique in each case.
- 3.7 In the visitor economy where the trickle-down of benefits occurs in a highly complex way, it will be impractical to try to enrol every possible beneficiary as a levy payer. For instance, while the overwhelming majority of hotels will operate almost entirely within a narrow understanding of the tourism sector, it would be difficult to make a similar case for including all shops in a destination on the grounds that many of them will at some time or another serve visitors to a greater or lesser degree.
- 3.8 Factors that might influence decisions on who will be levy payers include:
- a) The degree to which businesses are dependent upon the visitor economy and hence the extent to which they might benefit from the outcomes of the TBID –
 - Businesses which are mostly or entirely dependent upon the visitor economy might expect to be included within any TBID and proposals should clearly define levy payers by the type of business that is expected to contribute.
 - b) How exemptions will be decided –
 - Depending upon how the levy is assessed, TBIDs may set a de minimis level below which businesses would be exempt from paying the levy. For instance, businesses might be exempted based upon turnover, throughput, rateable value, or letting space, or because they are charitable trusts, or offer free admission, or where it is impractical to make an objective assessment of their potential liability.
 - c) The need to ensure TBIDs do not undermine the competitiveness of local businesses –
 - In deciding who should be included, the overall impact of the introduction of a levy on businesses and their customers needs to be carefully considered. In the case of conventional town centre BIDs, businesses contribute to the BID levy on the basis that it will improve the trading environment and deliver a return on their investment in excess of their BID levy. TBID proposers will similarly need to demonstrate that the same principle will underpin their TBID proposal to avoid where possible, the levy being recouped through increased charges passed on to customers.

d) The nature of the local visitor economy –

- In areas that have very high numbers of hotels and guest houses but few charging visitor attractions, or where visitor attractions are funded through local authorities, a simple TBID framework that only places the levy on accommodation providers may be the simplest and most equitable option.
- In other areas where the area's tourism economy is dominated by day visitors and there is a relatively small pool of accommodation providers, an alternative strategy may be required which seeks to generate the levy through services such as visitor attractions, beach services, or car parking charges.

e) Consideration of the way in which publicly funded or free-to-enter attractions are to be handled –

- Many very important tourist attractions and services, such as museums and galleries, are provided free of charge or funded through local taxation. However, many of these services also operate commercial activities such as shops and cafes that would benefit from the TBID, and if such attractions are to be brought into the project, unless they are required to financially contribute on a like-for-like basis, they cannot take part in the ballot.
- TBID proposers might therefore consider how this can be resolved to ensure that local authority operated attractions are fully engaged as funding and strategic partners. This may take the form of the payment of a levy by the attraction at the appropriate rate, but where the local authority also contributes through a grant to the TBID delivery body, that contribution is offset against that grant. Where this happens, the effect on any voluntary contribution made by the local authority to the TBID should be clarified in the prospectus so that levy payers are fully aware of the offset.

f) The location of businesses and the extent to which they might benefit –

- It is essential that the outcomes of the TBID benefit the whole of the visitor economy of the area, although it needs to be recognised that these benefits may have an impact on different sectors and in different areas, at different stages of the TBID period.

Setting the levy

- 3.9 The BID regulations allow for virtually any formula to be set as the basis for the levy but in order to secure the necessary level of support at the ballot stage, it needs to be clear and transparent and at a level that is both acceptable to the levy payer while delivering the funding necessary to stimulate real net growth in the tourism industry.
- 3.10 However, to avoid the possibility of the billing authority vetoing the TBID proposal which it may do on the grounds that the financial burden is disproportionate or inequitable, TBID proposers should ensure that the levy rate is consistent and applied as equally as possible to all levy payers.
- 3.11 For instance it may be difficult to secure support for a flat levy set at £1.00 per room per night for all hotels as this would mean that it would represent a disproportionately higher levy for those with lower base charges than for hotels with high base charges. It could also be unfair to set a levy structure that was much lower in a particular sector of the market than another in a way that might encourage those paying a lower levy to support the TBID at the ballot while those higher levy payers would end up paying a higher overall proportion of the total levy, with no obvious benefits.
- 3.12 Whatever model is selected, consideration should to be given to:
- The potential costs and complexities of collecting the levy.
 - The need to minimise 'red-tape'.
 - The need for confidentiality in dealing with commercially sensitive data.
 - The need for fairness and transparency.
 - The impact that levies will have on businesses and the need to demonstrate that these will produce net benefits.
 - The need to establish how exclusions from liability for the levy will be established.
 - How free admission attractions might be treated.
 - How business opening up after the start of the TBID will be brought into the project.
 - How eligible businesses will be described in the TBID prospectus.
- 3.13 Levies are likely to take one of the following forms, although other models might be proposed:
- a) A percentage of the rateable value of the levy payer's property –
- This model requires levy payers to make an annual contribution based upon a percentage of their property's rateable value. This system is simple, transparent and widely adopted in conventional BIDs in England where a levy of between 1% and 2% is the norm.
 - It offers advantages that the levy payer knows what their contribution will be and the collection of the levy and accounting processes are relatively simple.
 - However, this model is unlikely to be suitable for destinations where the tourism economy is dominated by a relatively small number of very large businesses such as major towns and cities, where the number of contributors will be too small to generate a meaningful project delivery fund.
 - It may also not be suitable for towns or rural areas where there are high numbers of very small businesses involved in tourism, many of which may be excluded from the TBID because they fall below any de minimis level.

- b) A fixed percentage of specified elements of the levy payers' turnover or sales revenue –
- This model requires businesses to contribute a levy based upon a percentage of revenues generated by certain activities. This might for instance be 1% or 2% of room sales revenues, admission charges, ticket sales, or the sales of services to visitors such as car parks or beach services.
 - The main advantage of this model is that it is likely to produce significantly higher levels of receipts than a levy based upon rateable value.
 - Care would need to be taken that the formula used is equitable and impacts upon all levy payers in the same way. For instance it might be unfair to require hotels to pay a levy of 1.5% on all receipts for room sales and visitor attractions a levy of 1.5% on shops sales only, whereas charging a flat levy of 1.5% on both hotel room sales and attraction admission charges might be seen as a fairer approach.
 - A further advantage of this model is that the levy is directly and proportionately geared to business levels and as business levels rise, so does the total levy pool that the TBID delivery body has at its disposal for reinvestment.
 - If this option is pursued, BID delivery bodies will need to consider how they will manage the greater complexities of this type of levy, including maintaining commercial confidentiality, the impact upon the local billing authority of collecting and reconciling the levy and the cash flow implications for the TBID delivery body.
 - One way of reconciling these issues is –
 - To charge each business in advance a levy based upon an estimate of its liability.
 - At the end of each charging period, require each business to produce a statement detailing their actual liability, in confidence to a secure third party.
 - Carry forward any over or under payment to the next charging period.
 - Vary the billing period so that rather than requiring payment in advance on an annual basis, a more frequent billing cycle is implemented that variances from the estimated levy can be reconciled more regularly.
- c) A levy based upon a fixed formula using a range of notional elements –
- In this case, the levy is calculated using a financial model based upon historical business performance data.
 - For instance, the levy for hotels and guest houses may be based upon a pre-determined percentage of a business's estimated receipts from room lettings based upon a notional occupancy rate and a notional room letting fee, with both occupancy and room letting fees varying according to the type of hotel. A working example is shown in the urban case study on page 13.

- The main advantages of this model are that it does not require any commercially sensitive information to be shared, businesses know what the levy is to be ahead of the charging period, collection, accounting is as simple as the formula based upon rateable value, and it is transparent and equitable.
 - The chief disadvantage is that as the TBID begins to deliver increased business levels, the TBID revenue streams remain constant with no opportunity to review them.
- d) A levy based upon a fixed cost per customer based upon a sliding scale –
- In this model, a simple fixed levy per customer or sales transaction is applied.
 - To ensure the impact is equitable it might be necessary to establish some form of sliding scale whereby for instance all guests checking into qualifying lodging providers pay a levy per head which is determined on a banding basis.
 - By way of example, all guests staying at a particular classification of hotel might pay £1 per night while others may pay 50p per night in a different classification, and visitors to all attractions might pay a fixed 50p levy.
 - The advantages of this model are based around its simplicity and transparency.
 - Potential disadvantages stem from the need for businesses to self-declare data on transaction levels, and the possible requirement for frequent billing.

Urban example

An English city with a population of 300,000 and a mature DMO that had been working well with industry and the local authority for some years, had in the previous two decades, seen its visitor economy grow from relatively humble beginnings to a sector that employed over 11% of the local population and underpinned a renaissance of its cultural sector.

But that growth had begun to falter. The council's funding for the city's events and festivals programme had been reduced, funding from the RDA and regional tourist board had stopped two years earlier and the annual grant provided by the local authority was being cut by 15% each year for the next 3 years. On top of that, a privately run local conference centre had been running into financial difficulties and was threatened with closure due to a downturn in business travel.

But businesses were still keen to invest in the city and new hotels were placing increased pressure on existing businesses. The city recognised that it needed to attract out-of-town visitors, encourage more business travel, boost its overseas visitor numbers to support the hotel sector, and build its day-visitor market which was important to local restaurants and attractions. Following a strategic review by the DMO, its directors were persuaded that a TBID was an option worth considering.

When it was launched locally, the notion of a TBID did not come as a great surprise to businesses as it had already been trailed for some time and the DMO had gone to considerable lengths to explain what it meant to businesses. Key to securing buy-in was the extent that the DMO had gone to explaining to small groups of potential levy payers their role and influence over the project, and finding out in detail, what would need to happen to make their businesses more successful, and the main problems they faced.

These discussions highlighted concerns over the demise of some major events in the city, growth in hotel supply, decreasing levels of business and conference travel, and fewer opportunities for businesses to network and explore collaborative working.

The local authority was immediately very supportive of the notion of a TBID and was keen to engage with businesses to address what they saw as a shared challenge.

The DMO decided to develop a TBID proposal and since it operated as an effective partnership anyway, took the view that its structure and governance framework, coupled with its relationships with the industry and the local authority made it an ideal body to lead the TBID. Having identified the concerns and pressures upon the industry the DMO established a working party of local businesses who were asked to champion the programme and to advise the DMO board on the TBID.

The working party reviewed the results of consultation and agreed to develop a TBID proposal that delivered three main strands of work:

- Leisure travel marketing: a marketing programme that targeted overseas leisure visitors and day visits.*
- Business travel marketing: investment to boost business travel involving field sales, exhibitions and providing a subvention fund to encourage major events to the city*
- Festival and events marketing: a budget to support local events and festivals that had potential to be developed in a way that would attract more tourist visits*

continued ...

Urban example continued

To help at the ballot stage, the DMO decided to set aside budget for leisure travel marketing that would be allocated based on the advice of a panel representing the major visitor attractions and cultural venues. Added incentive in the form of an annual lump sum from the TBID to market the city for day visits was provided if businesses on the panel could be motivated to contribute a little more.

It became clear that the existing local hotels association was an ideal way of ensuring that the business travel marketing budget was directed according to the industry's priorities but the DMO also needed to ensure that the smaller guest houses which did not engage with the association also benefited. Therefore the DMO undertook a series of one-to-one briefings with small businesses and identified the benefits of establishing a new online channel to encourage business visitors to experience local hospitality in family run lodgings.

The importance of the city's events and festivals was obvious and all event organisers were concerned over funding. However, the DMO board recognised that the TBID funds had to be directed at events that generate tourist visits and could not be directed at those that were only of local interest. As a result, event organisers were briefed that the following year, a budget would be made available to boost events able to put forward a business case showing that, with some new investment, they could increase out-of-town visits during the shoulder seasons.

The TBID working party assessed that the budget required to deliver its programme was £1.5 million and decided to establish a number of key performance indicators (KPIs) with the overall aim of increasing the value of the visitor economy in the city by no less than an average of 3% per annum over the course of the TBID.

The working party agreed that as a principle, as many businesses as possible that were likely to benefit from the TBID should contribute but decided this should only include all hotels and guest houses with a rateable value in excess of £10,000. This formula was decided because the use of any other cut-off point such as the number of letting rooms might be too difficult to administer, but it was also agreed that visitor attractions and cultural venues should be included. For clarification, the DMO drafted a description of the types of businesses that would be included in the TBID, and also included in the TBID proposal a provision that ensured that any new hotel was also required to contribute to the levy.

A review of the ways in which the levy could be raised showed that if a formula based upon rateable value was used, it would only produce a levy of £280,000, well short of what was needed.

It was therefore agreed that qualifying hotels and other lodging providers would be liable for a levy based upon 1.5% of the number of letting rooms they had multiplied by a notional room rate (based upon local research of average achieved room rates) multiplied by a notional occupancy rate (based upon local occupancy survey averages) multiplied by 360. This produced a formula that was transparent and genuinely reflected local circumstances, avoided the necessity to disclose sensitive information, and enabled businesses to know in advance the levy that they were being asked to pay.

Urban example continued

Class of property	Notional room rate	Notional occupancy rate
Guest accommodation	£25 per night	40%
2* hotels	£50 per night	65%
3* hotels	£60 per night	65%
4* hotels	£70 per night	68%
Budget hotels	£50 per night	70%

It was also agreed that qualifying local attractions should be banded according to past visitor numbers and a levy based upon 1.5% of a notional attendance level multiplied by a notional admission charge multiplied by 360.

Admission band	Notional attendance level	Notional admission charge
20,000 – 50,000	35,000	£8
50,000 – 100,000	75,000	£8
100,000 – 150,000	125,000	£8
150,000 – 200,000	175,000	£8

It was apparent that this formula presented two main problems. Firstly, a local council funded museum that offered free admissions would benefit from the TBID because it also had extensive conference facilities run by a third party. Secondly, one of the hotels was already contributing to a city centre BID and was reluctant to support a further TBID on top.

To resolve these issues, the council agreed to contribute to the TBID as if the museum was a charging attraction, but reduced its core grant to the DMO by an equivalent amount, ensuring that the museum was able to play a full part in the TBID. The DMO also met with the BID delivery body to consider the position of the hotel. They agreed that only one levy should be paid and since the TBID levy was higher, this should be the levy payable and the TBID would recompense the BID for the loss of its revenue according to an agreed formula.

The TBID moved to the next stage and a costed business plan was developed, with the key points incorporated in the formal TBID proposal and the project moved to the ballot stage. The plan incorporated a range of KPIs and a range of baseline data against which growth could be measured, as well as schedule of outputs from the TBID and an analysis of what benefits these were expected to generate, as well as details of the governance arrangements for the TBID, the local authorities plans to support the industry throughout the duration of the project and how the industry would be involved in the project.

One of the keys to success at the subsequent ballot was the fact that the accommodation sector appreciated a number of important factors it could not rely upon organic growth to sustain the sector and deal with the expansion of the hotel sector; and that the allocation of a budget to boost business travel and make the local conference facilities more viable was critical if businesses were to thrive. Support from the attractions sector was also strong thanks to a commitment by the TBID delivery body to allocate a significant annual fund for management by the commercial directors of the local tourist attractions association to encourage more day visits to the city and establish a range of joint-marketing campaigns.

Rural TBID Example

An internationally renowned rural destination and leading consumer brand covering a single unitary authority county boasted an economy that supported in excess of 5,000 tourism businesses. With over 4 million visitors staying 20 million nights each year, the county's visitor economy had an annual worth in excess of £1.5 billion.

The county benefited from a successful and well-established destination management organisation with a partnership board comprising of both the private and public sectors. In the past the DMO had received funding to support marketing and tourism development, with around £1.5 million being invested by the local authority and a further £700,000 by its 1,400 private sector members.

However, public sector spending cuts and further planned reductions were anticipated to result in lower levels of investment in marketing to attract visitors. The festivals and events programme and tourism development activities were also under threat. The private sector was very concerned that although they contributed around 25% of the county's GDP, the structure of the industry made it difficult for them to co-ordinate the use of their limited resources effectively, and although the individual businesses were able and willing to promote their own businesses and contribute to local activities of direct benefit to themselves, they had reservations about pooling their limited resources for marketing the destination.

Discussions with these businesses highlighted concerns that those that might be persuaded to work together to fund destination marketing activities would effectively be supporting others that might opt out of any local scheme. Other concerns and barriers included fears over the cost of administering such a scheme, who would make the decision on the promotional mix and whether or not their area or sub sector of the industry would get what they saw as its fair share? They also felt that they and their customers already paid tax on tourism related spend and they had always seen this work as the role of national and local government.

However, recent spending cuts and a growing realisation that public funding was likely to diminish further, coupled with more demanding market conditions and growing competition, encouraged some business leaders through the DMO to agree to investigate how an effective destination marketing campaign could be developed and funded to promote the destination to new and long lapsed visitors. The DMO decided to investigate a range of options and obtained copies of the advisory publications from national bodies experienced in BIDs and used these to produce a consultation document on possible marketing objectives and to establish a range of ambitious targets supported by a fund of between £500,000 and £1 million. They subsequently decided to prepare a roadmap and checklist of the issues to be resolved, including:

- *The need to resolve the relationship with the existing five local area town BIDs*
- *Defining the activities that would truly have the potential to benefit directly and indirectly all business in the destination*
- *Which activities should be excluded to avoid any potential conflicts within the destination or any particular sub sector of the industry*
- *What would be the best option for the levy and where would the de minimis level rest*

The concept was well received by the local authority and it was agreed that if a TBID was introduced, it would enter into a five-year funding agreement to match any funds generated through the levy up to a pre-determined level.

However, the initial concept was initially not so well received by the wider tourism business community as it appeared to be yet another cost that they were being asked to bear. However, following a series of road shows where the proposed destination marketing was showcased together with the expected impact, and most importantly how small businesses could dovetail this with their own promotion, the proposal began to gain credibility and support.

The consensus view was that a formal pre-ballot consultation process should commence to decide how the levy should be determined and the detailed promotional strategy.

Businesses were specifically consulted on the formula to be used to set the levy and in particular whether it should be based upon turnover, bed spaces or a percentage of rateable value; it was decided to seek approval for a levy based upon 1% of rateable value as this mirrored existing BIDs, although where an existing BID was in operation, this would be set at 0.5%. This formula produced the targeted investment to deliver the campaigns agreed by the industry.

A TBID destination marketing stakeholder group was formed from a wide range of locations and sectors to advise the DMO Partnership Board on the execution and evaluation of the destination marketing activities.

The importance of consultation

- 3.14 Effective consultation with businesses and the local authority is the key to the development of a successful TBID. Businesses will need to feel fully engaged with the development of the project and understand how the TBID will benefit them if they are to be convinced that it is worth supporting at the ballot. Engaging with businesses throughout the process, taking them on the journey of developing the TBID and seeing the issues as shared challenges and the TBID as a jointly-owned solution provides the best chance of success.
- 3.15 One of the key reasons for ensuring consultation is comprehensive is the way in which the ballot for a BID operates. To be successful, the BID proposal must be supported by both a simple majority of those voting and by businesses representing more than 50% of the rateable value of those businesses that voted. The system is designed to ensure BIDs are only created where there is support across all sizes of businesses. This voting system is set out in the primary legislation and will continue to apply to any TBID proposals. In all current BIDs, there is a direct link between the levy payable (which is traditionally calculated as a percentage of rateable value) and the weighting attributed to each business in the ballot (which is partly determined by its rateable value).
- 3.16 The earliest challenge that TBID proposers will face is identifying exactly who to consult. In the case of small locally owned businesses, this should be fairly easy, but when dealing with a prospective levy payer who is not located locally, it is important to engage with the local management first to develop a good understanding of their position and how the TBID might help grow their business. Then, when the TBID business plan has been developed and is ready to be submitted to the levy payer, it is likely to reflect their needs and have the support of local business managers.

- 3.17 It is also important that the local authority is fully engaged in the process from the outset, as it has responsibilities not just in terms of its collection of the levy, but also to ensure that the proposal is fair. To this end, engaging with the local authority at elected member and officer level, especially in securing a clear understanding about how the local authority might support the TBID both in financial and administrative terms, is essential if a compelling business case is to be made to levy payers.
- 3.18 In particular, TBID proposers should establish:
- The local authority's level of support for the development of the TBID.
 - The local authority's views on the TBID delivery mechanism and any implications this might have where the TBID is planned to be delivered by an existing DMO.
 - Any financial commitments that the local authority is prepared to make to the TBID through its funding for tourism development.
 - What support the local authority is able to provide in terms of levy collection, chasing late payments and debt recovery and whether there is a cost associated with this.
 - Any plans the local authority has to contract-out business rate collection and any cost implications this might have on the TBID.
 - The local authority's position regarding the payment of VAT on the levy.
 - Other indirect support for tourism that the local authority provides in terms of services to visitors that are directly funded by the council so that this can be integrated within the business plan.
 - Any commitment the local authority is prepared to make to the TBID, either in terms of a direct financial contribution or a contribution in kind, which should ideally be underpinned by a funding agreement. This makes it possible to include the local authority's funding commitment in the TBID business plan and it sends a clear message to the industry about the authority's commitment and recognition of the importance of tourism.
- 3.19 Payment of the levy is the responsibility of the organisation or individual responsible for the payment of the non-domestic rates for each qualifying property and the local authority has a duty to provide this information to the TBID proposer. However, given the nature of the structure of some sectors of the visitor economy, adequate time should be given to ensuring that potential levy payers are able to make an informed decision based upon detailed consultation, and an explanation of the benefits that are being offered. Businesses will thereafter need to decide how they will meet the additional costs of the TBID levy and while it is essential that the outcome of the TBID is a net increase in business turnover, businesses may initially decide to pass on to customers any increase in marginal costs resulting from their liabilities through the TBID.
- 3.20 Consequently, in the consultation process, it will be important for TBID proposers to establish the implications on the levy payer of the lead-time that is being proposed for the introduction of the TBID. For instance, hotels may have existing contracts in place with clients that could be impacted by the introduction of the TBID levy and visitor attractions may have committed some time ahead to publishing admission charges in marketing materials. The full implications of these issues will need to be fully understood so that a proposal is developed over a period of time that allows prospective levy payers to build into their business models both the requirement to pay the levy, and the beneficial impacts of the TBID programme in terms of increased business levels.
- 3.21 A further important dimension to the consultation process is that it plays a key role in developing an understanding of the level of support that the TBID is likely to secure at the ballot stage. By working closely with prospective levy payers, TBID proposers should have a good idea whether the formula that is being proposed needs to be adapted to secure the support required to be successful in the ballot.

- 3.22 Throughout the process, it is important to keep a record of all consultation meetings. If a decision is taken to develop a TBID proposal, the local authority will require a summary of the consultation that has been undertaken and records of consultation meetings and how these have been used to shape the work programme will be very useful.
- 3.23 In reality, the need to develop a TBID should be self-evident and motivated by a clear and widely held acceptance that a destination's tourism industry is underperforming or requires new funding streams to maintain its pace of development. Consultation therefore, needs to be based upon clear evidence of need for a TBID, consistently communicated, and processes established to feedback the responses of prospective levy payers.
- 3.24 Who undertakes the consultation process is a further important consideration. In some circumstances, the consultation leadership role may be spearheaded by a small internal team drawn from the TBID proposer, but the value of developing a team of ambassadors for the project representing local industry leaders cannot be underestimated. TBID proposers should think carefully about this aspect as a process led exclusively by for instance a local DMO, may not be as persuasive as one that is presented by local industry leaders.
- 3.25 The role of such ambassadors might be to:
- Develop an in-depth understanding of the local tourism economy, the challenges it faces and the opportunities that exist.
 - Play a key role in advising the project team responsible for developing the TBID.
 - Provide support at presentations and briefings to industry groups.
 - Be strong advocates for the industry.
 - Canvas support at the consultation phase and throughout the ballot stages.

Measuring performance

- 3.26 In most cases, there is likely to be a considerable amount of baseline data against which the performance of the tourism sector at a destination level can be measured and it will be important to demonstrate not just delivery of specific pledges that have been made in the TBID business plan, but sustained and incremental medium-term growth over the duration of the TBID.
- 3.27 It will be important to routinely report to levy payers on:
- Baseline data that tracks the overall performance of the visitor economy over a period of time.
 - What activities have been funded through the TBID levy.
 - The impact of these actions.
- 3.28 It is however important to recognise that the tourism industry operates within a dynamic and continuously changing environment and performance indicators need to be able to show the added-value that the TBID has provided. For instance, in a static market, successful delivery of measures funded by the TBID might simply ensure that the value of the tourism economy in an area grows only modestly while in a rising market, success would need to reflect growth in excess of what might have been achieved through organic growth.

- 3.29 Baseline data might include:
- The GVA of tourism in the local economy.
 - Employment levels.
 - The number of tourism businesses operating.
 - The rateable value of certain classes or types of business in the area.
 - Visitor satisfaction levels.
 - An assessment of the environmental impact of tourism.
 - Accommodation occupancy levels.
 - Attendance levels at visitor attractions or places of interest.
 - Perceptions of the importance of tourism by local people.
- 3.30 This baseline data could be inflated each year using any one of a number of factors such as trends in economic growth, employment trends or growth in business start-ups. The annually adjusted baseline data could then be measured against the actual performance of the tourism industry in the area to show how the local industry has developed in that time and what impact the TBID has had.
- 3.31 In addition to general trends of this type, TBIDs should set out a range of specific outputs and outcomes that it expects to deliver, and although the outputs (what the TBID actually does) will need to respond often quickly to changing market circumstances, the outcomes (what the impact of the TBID is) should be fairly consistent.
- 3.32 Targets should relate directly to the outputs of the TBID and might include:
- Short-term hotel and guest accommodation occupancy rates.
 - Attendance levels at visitor attractions.
 - Car park sales.
 - Industry confidence surveys.
 - Business travel enquiry levels.
 - International arrivals.
 - Guest satisfaction surveys.
 - Press coverage generated.
 - Industry contacts developed.
 - Web traffic statistics.
 - Business start-ups.

Leadership and governance

- 3.33 It is essential that the TBID is led by a body that is both credible and able to engage and communicate effectively with prospective levy payers as well as having, or being able to put in place, the structures of governance required to manage and lead the TBID.
- 3.34 While it is feasible that TBIDs could be developed by others, TBIDs are most likely to be developed by:
- Existing business-led mature DMOs.
 - Other local authority-based DMOs with the capacity and willingness to develop new business models.
 - Existing town centre management partnerships which are experienced in other forms of business improvement districts.
- 3.35 Other types of delivery bodies might also include local area business partnerships, trade associations, and local authority led tourism partnerships.
- 3.36 Many DMOs are fully owned, controlled or influenced by local authorities. Depending on the exact nature of the relationship, such companies' financial arrangements can be required to be reflected and reported in the council's own financial statements and accounts. While the participation of a DMO in a TBID of itself should not change the position, DMOs that are closely linked with their council should consider whether the TBID might affect this and discuss any implications with their parent local authority.
- 3.37 TBID delivery bodies should also consider how their existing governance and business engagement models are able to support the TBID. By way of example, if a corporate body is responsible for delivering the TBID, a clear distinction needs to be drawn between the responsibilities of its board of directors under company law, and its responsibilities to provide a framework to ensure the delivery of the TBID. As such there are clear advantages to having a board of independent people whose role it is to focus on the management of the company and meeting its contractual obligations, and a separate advisory group, or groups, of stakeholders who represent the interest of the TBID levy payers whose responsibility is to provide tactical advice on what activities the TBID should deliver within the terms of the TBID proposal.
- 3.38 Where a TBID is developed by a DMO that operates a subscription or membership service, they will need to consider how the development of a TBID impacts upon this type of business model and, where their DMO members are located outside of the TBID area, how they might be encouraged to retain that relationship with the DMO. It may be appropriate in some cases to develop a new business model for the DMO where it ceases to operate as a membership body so that its focus is on the delivery of the TBID programme. This allows the DMO to move from being a body that delivers services that support the interests of those businesses that choose to be members, to a true destination management organisation able to focus on delivering activities that support the whole of the visitor economy.
- 3.39 The DMO may then consider offering such businesses located outside of the TBID area the opportunity to make a voluntary contribution equivalent to that which would have been applied had they fallen within the TBID. In such cases it may be appropriate for these businesses to be treated as if they were full levy payers in terms of input into the implementation of the TBID and consultation on its contents, although they would not be able to participate in the ballot and their influence would need to be conditional upon them continuing to pay the voluntary contribution.
- 3.40 Where this facility is to be offered, it should be explained within the TBID prospectus.

The TBID boundary

- 3.41 One of the most important decisions that TBID proposers will need to make is the area to be covered by the TBID. Regulations currently only allow TBIDs to be developed over one billing authority area, and this may present challenges when developing a TBID over an area that represents a coherent destination brand and its area of influence, or a local enterprise partnership.
- 3.42 There is however nothing to prevent a TBID proposal being replicated over several conjoined areas spread over more than one billing authority, although this will effectively require a number of discrete TBIDs to be developed, with each one requiring the support of the appropriate local authority and individual ballots will be required in each.
- 3.43 It will in the end be for the TBID delivery body to decide the extent of the TBID area and this decision will need to be based upon two main criteria:
- The number of businesses liable for the TBID levy and the form of levy being adopted needs to provide enough funding to deliver an effective programme. If the area is too small, the total levy may be insufficient to have the desired effect; if the area is too big, it may be difficult to develop a TBID which is sufficiently focused to secure support at the ballot stage.
 - The extent to which businesses in the wider area have a natural affiliation to a particular destination brand or its sphere of influence.
- 3.44 Given that many hotels and visitor attractions will be located in the centres of towns and cities, and given the widespread adoption of TBIDs in England, it is highly likely that TBIDs will be proposed where an existing BID already exists. While it is not expressly prohibited to develop two overlapping TBIDs, neither is it desirable that any business should be asked to contribute to two separate projects operating business improvement programmes and the risks and implications of doing so should be carefully weighed up.
- 3.45 Where a TBID is proposed that includes as levy payers, businesses located within an existing BID area, the two delivery bodies should agree on how the matter should be resolved.
- 3.46 This issue may be resolved in a number of ways:
- The affected businesses may be excluded from the TBID and invited to participate on the basis of a voluntary contribution although the influence that this might have on how the project operates, should be set out in the TBID proposal.
 - The affected businesses may have their levy calculated at the higher of the two rates and the difference between the levy arising from the existing BID and the new TBID is payable to the TBID project.
 - Some other form of agreement may be agreed between the BID and TBID delivery bodies that ensure that any pre-existing BID is not detrimentally affected by the new TBID.

The TBID proposal, TBID arrangements and the business plan

- 3.47 The process for developing a TBID is the same as any other BID and is clearly set out in the Guidance on the Business Improvement Districts (England) Regulations 2004. The process is straightforward but TBID proposers should be conscious of the timescales set out in the legislation.
- 3.48 TBID proposers should remember that they are addressing two specific requirements in developing the proposal and business plan – to demonstrate that it has satisfied all the legal requirements regarding the process, and to explain how the TBID will operate.
- 3.49 The business plan itself will form an important part of the whole proposal, and the proposal becomes the legally binding arrangements for the TBID once it has been approved at the ballot stage.
- 3.50 Under Regulation 2, having decided that it plans to develop a TBID, the proposer is required to write to the billing authority informing it:
- That it intends to develop a TBID.
 - That the information it is seeking is to be used solely for the purposes of developing a TBID.
 - Of the nature of the TBID.
 - Of the geographical area of the TBID.
- 3.51 Upon receipt of this request, the billing authority should provide a schedule of the name of each non-domestic rate payer, and the rateable value of each property.
- 3.52 The information that is returned by the billing authority will allow the TBID proposer to develop its consultation process which should lead to the development of the business plan.
- 3.53 Where the TBID proposer decides to seek approval of the proposals, they will need to submit to the billing authority a copy of the TBID proposals including:
- The services to be provided, the name of the provider, and the type of body it is.
 - The existing baseline services.
 - The geographical area to be covered.
 - The non-domestic ratepayers to be liable for the TBID levy, how the levy will be calculated, and whether the costs incurred in developing the TBID, holding the ballot or implementing the TBID will be recovered through the levy.
 - The ratepayers who will benefit from relief from the levy and the level of that relief.
 - Whether the TBID arrangements may be altered without an alteration ballot and if so, which aspects may be altered.
 - The duration of the TBID arrangements and when they will start.
 - A summary of the consultation it has undertaken.
 - A summary of the business plan including:
 - The estimated cash flow and revenue to be generated.
 - The predicted expenditure under the TBID arrangements.
 - Any contingencies which are included.
 - A summary of the financial arrangements for the TBID delivery body and details of how the billing authority will be provided with information on the finances of the TBID body.

- 3.54 The TBID proposer may also have to satisfy the billing authority that it has the funds to meet the costs of the ballot. They proposer should also ensure that the TBID proposals do not conflict with the published policies of the authority, as they could be vetoed if they do.
- 3.55 The importance of producing a compelling business plan cannot be overstated. While anyone liable for the levy is entitled to receive a full copy of the proposals, it is the business plan that is likely to be of greatest interest to businesses and the benefits that it demonstrates will have the greatest influence on the outcome of the ballot.
- 3.56 While the business plan forms a key part of the proposal, it has to do more than a conventional company business plan. The business plan has an important 'selling job' to do – it has to convince businesses to support the TBID at the ballot stage, it has to set out the benefits the programme will aim to deliver and how the levy payers will be involved. Ideally it should also explain how the ballot process will work.
- 3.57 The business plan should therefore include:
- An executive summary so that the key features of the TBID can be easily identified.
 - An introduction seeking support for the TBID.
 - Details of membership of any steering group that led the process showing that the proposal is a business-led initiative.
 - Who will be responsible for delivering the TBID project and its governance.
 - How the project will be managed and where administrative support will come from.
 - How the levy payers will be involved and consulted as the TBID progresses.
 - A timetable for the TBID from ballot to completion.
 - The key features of BIDs and the specific nature of TBIDs.
 - Reasons why businesses should support the TBID.
 - What the key issues and challenges are that the TBID aims to address.
 - What the TBID aims to do (its main outputs).
 - What the TBID aims to achieve (its outcomes).
 - A risk assessment of the projects.
 - What geographical area the TBID will cover.
 - What support the local authority is providing or voluntary contributions.
 - Who the levy payers are and how the levy will be calculated.
 - How much levy is expected to be collected and how it will be used including details of any management fees or costs that will be recovered for the development of the proposal or to pay for the ballot.
 - Details of any exemptions and reliefs.
 - How the levy will be collected and any reconciliation required.
 - How performance will be measured and what KPIs will be adopted.
 - An explanation of the ballot process and timescales.
 - Details of how changes to the TBID programme will be determined after the start date.

Appendix

TBIDs – Good practice checklist and summary

What is a TBID?

A TBID is a partnership between stakeholders which provides a regulated framework within which each contributes an amount determined by a prescribed formula, to create a fund to develop responses to impediments to growth, or to improve the trading environment in which they operate.

Customisation

- Every TBID will be different. There are potentially many different models for TBIDs and each area will need to develop a project that meets its own specific priorities and fits its own set of circumstances.

Getting the foundations right

- All TBIDs will need to be developed in a way that complies with existing business improvement district legislation and guidance. Organisations developing TBIDs should review best practice guidance on business improvement districts in the UK and review case studies. Advice should be sought from appropriately qualified and experienced practitioners and legal advisors.
- While there is no prescribed format for a TBID delivery body, to ensure that levy payers have confidence, they should be able to satisfy a range of basic criteria including:
 - Effective business-engagement processes in place.
 - Sound corporate-governance structures.
 - The capacity to manage the cash-flow pressures of the TBID.
 - The ability to secure the support of the local authority.
 - The technical skills to execute the TBID projects.

Leadership, partnership and governance

- TBIDs should be underpinned by robust systems of governance and accountability.
- A TBID should ideally be led and proposed by a DMO or other industry-led partnership.
- TBIDs are partnerships that need solid foundations and credible leadership. Make sure these essential elements are in place first.
- Successful TBIDs are private sector-led partnerships that closely involve fully supportive and proactive public sector partners. TBID proposers should work closely with the local authorities in the area to ensure that they become funding and delivery partners and provide strategic input.

Adding value

- TBIDs need to demonstrate that through their programmes, they deliver added-value to stakeholders within a local, regional and national context.
- TBID proposals must show how they will deliver real market growth and not merely create displacement.

Consultation

- Developing a TBID is a journey that should involve potential levy payers from the start.
- Those developing TBIDs should not assume that the same level of awareness about TBIDs exists amongst potential stakeholders, as exists within the retail and property sector where familiarity with the TBIDs concept will be greater.
- An open and constructive dialogue with the industry and the local authority from the outset is critically important.
- Recruiting a small team of ambassadors from the industry to champion the local TBID will do much to reinforce its credibility within the sector and demonstrate its value.
- The end result of an effective consultation process is a costed and inspiring business plan that delivers measurable and tangible benefits to the levy payers.
- Problems should be identified before a ballot – the chances of failing at the ballot stage should be reduced to an absolute minimum. TBIDs will be supported by stakeholders if they understand their relevance and the contribution they make to economic growth and deliver net growth.

Developing a compelling proposition

- TBID proposals and business plans should be based upon thorough and extensive consultation with stakeholders. Business plans will need to be sufficiently flexible to enable TBID delivery bodies to respond to the often rapidly changing circumstances within which the industry operates.
- The TBID proposal should be developed throughout the initial consultation process which should aim to help the proposer understand:
 - What would help levy payers be more successful and what barriers to progress they see that the TBID might address.
 - Where they see opportunities for growth.
 - Their view on what form the local TBID should take.
 - The forms of levy that might be applied.
 - Options for the use of the levy.
 - How progress and effectiveness might be measured.
 - What timescales would be most appropriate to introduce the TBID.
- Through the consultation process, TBID proposers should be aiming to show:
 - Their capacity to build an effective partnership that is fully engaged with all parts of the industry.
 - Their unique capacity to manage the TBID.
 - The need for the TBID and the benefits that it can deliver to businesses, the local authority and the host community.

The levy payers

- TBIDs must be transparent and fair with as many beneficiaries as possible contributing to the levy pool.
- TBID proposals should be specific in terms of who is liable for the levy and how it will benefit them.
- In determining which types of business may be included within the TBID, proposers should undertake a full cost-benefit exercise showing how the benefits of the TBID will relate to the priorities of the levy payers, as well as impacting upon local communities and markets.

The levy

- Levies should reflect local circumstances and be set at a level that generates sufficient resources to make a real difference.
- There are many different formulas that might be used for setting the levy. All of these should be evaluated and one selected that is most widely supported by the industry, and delivers sufficient resources to create an investment fund of adequate scale to meet the aims of the TBID.

The TBID programme

- TBID levies need to finance programmes that directly and clearly support the development of the visitor economy.
- TBID levies should be part of a structured and sustainable funding package supporting the development of the visitor economy involving public and private sector partners.

Measuring performance

- Levy payers will expect to be regularly briefed on progress and the return on their investment. KPIs should form the basic measure of success of the TBID and progress should be reported to levy payers regularly.
- KPIs should be specific, measurable, achievable, realistic and time-related.
- The TBID business plan should differentiate between the 'outputs' of the TBID project and the impact that these are likely to have in the form of 'outcomes'.
- Baseline industry-performance measures and outputs should be established at the outset and updated annually. These should form the long term measurables against which progress is assessed.

