

Briefing Note

BID Levy Collection

Melton Mowbray BID

BID Results

A BID has been secured for Melton Mowbray Town Centre.

174 businesses voted out of a total of 442 businesses, with a total voting RV of £2,852,850. 59% of businesses voted in favour of the BID (174) and 62% voted in favour by RV (£1,770,625).

Setting Up BID Company

A BID company is in the process of being set up by, the **Melton Mowbray BID Company Ltd**, which will be a Company Limited by Guarantee. The Leamington BID company has been used as a template for the company set up, as attached, with amendments to article 2.2.

BID Operating Agreement

The local authority, for the purposes of the Local Government Act 2003, will be the billing authority responsible for collecting the BID levy and for administering the BID Revenue Account. The BID Revenue account will be used towards the operation of the BID within the area of the local authority and the funding of the BID arrangements.

A BID Operating Agreement will need to be discussed and signed between the BID and Melton Borough Council to this effect, which will set out the below arrangements: (A template for the Operating Agreement is attached).

- Confirmation of BID levy
- Collection Responsibilities – Include direct debit payments, 1 payment for £100 banding
- Enforcement Mechanisms
- Accounting & Transfer arrangements to BID, eg monthly, quarterly etc
- Apportioning & Debt write off (will need to agree how a debt is written off)
- Review & Monitoring – Usually once or twice/year
- Collection/Admin fee – confirm how the local authority expenses incurred during the BID levy collection will be paid, eg monthly.

VAT

The Operating agreement will also include whether an arrangement will be included for a VAT provision to the BID Company. As a company limited by guarantee, the BID company would pay VAT on its projects and activities; however the BID levy bills sent out by the local authority cannot charge VAT. Discussions with BIDs and Customs & Excise has provided a solution whereby specific wording in the Operating Agreement could allow the BID Company to invoice the local authority for the amount of BID levy collected plus VAT. The Local Authority would then be able to claim back this VAT via the Section 33 mechanism.

BID Levy Collection

The BID levy will be collected by the local authority by one of 2 ways:

NNDR system
Sundry Debtors System

The NNDR system is usually favoured by BIDs and local authorities. A quotation with regards BID delivery on behalf of Northgate over the five year period has been given as below (and attached):

BID licence	£8000	Payment on order
Implementation of BID (6 days)	£6600	Payment on order

BID support/maintenance £2000 Per Annum

A £20,000 Collection Cost has been built into the BID budget for Year 1 and £3000 per annum for the subsequent 4 years.

A further £12,000 has been built into the BID budget per annum for BID levy collection costs. This is collection costs, administration/staffing costs etc incurred by Melton Borough Council during the BID levy collection period. This has been based upon an average collection cost of £10-£18 per heriditament and will be invoiced to the BID company, terms to be confirmed within the Operating Agreement.

BID Levy Collection - Timescale

The BID area consists of 442 businesses. The BID levy will be collected separately to the local authority's NNDR annual billing and will not be a separate billing line to the current NNDR bill. The BID levy will be invoiced and collected separately, with its own billing period. It will not therefore need to comply with the financial year billing period. As an example, the Solihull BID billing period runs from 1st July – 30th June.

The annual billing period will be set up on the Northgate system, and will incorporate start date, end date and end of year billing. It is suggested that the BID levy be collected as soon as possible however after the ballot date, to ensure that the BID levy is recouped swiftly and to start the delivery of the BID projects; importantly so in Year 1 of the BID. BID levy monies will also need to be quickly secured to meet the payment terms of Northgate's Bid licence and implementation fees (on order).

Northgate System

A Conference call held with Northgate and the Rates/Revenues department on 29th July discussed the potential timescale of levy collection, administration and set up procedures for the BID licence. Attached is the Northgate BID guide & Database Set up, which details the set up procedure in full.

In summary:

BID Start Date/ Annual Billing

The Billing period will need to be set for the BID financial year, with start and end dates and end/year reporting. It is suggested that annual BID levy billing commences at the end of October, subject to the BID, administration and Northgate set up.

In terms of BID set up by Northgate, the following timescale has been given:

2 days	Test Load - Access required to IT system for remote dial in
2 days	Live Load - Access required to IT system for remote dial in

A new template (DTI template) will also be required for the BID levy billing. This will be the same template as the NNDR billing, but with slight amends of BID logo and amended billing period. Billing payments, recovery etc will remain the same as NNDR billing.

The set up costs for the BID licence, unit installations etc will be paid by the BID company, as per the quotation.

BID Administration/Database

2 BID administration units will be set up for the Melton Mowbray BID, one for the fixed rate BID levy band of £100 and one for the multiplier rate.

The BID database, used during the ERS ballot period has already been produced using the current NNDR system and Business Objects report. (As attached) The BID database already details the requirements of the Northgate system, this spreadsheet will be inputted by Northgate and the properties "flagged" to the NNDR system to form the 2 BID Admin units which will include:

Business

Contact person

Property Ref No (can add BID suffix to current NNDR property ref no).

Rateable Value

BID levy

There will be no exemptions and reliefs applied to the BID businesses.

BID Administration/Database - Updating

Business changes etc would be manually updated, as per the NNDR system, eg new business, vacant unit etc. The BID businesses would be flagged however on the NNDR system to facilitate the updating.

BID Levy Collection & Recovery

The BID levy collection and recovery process would be the same as the usual NNDR system. 1 payment of £100 would be recommended for the £100 banding fee (40% of businesses within the BID area), with the standard direct debit etc set for remaining levy fees. Collection and recovery costs incurred by Melton Borough Council will be billed to the BID company and have been accounted for.

BID Accounting & Monitoring

The Operating agreement between the BID and Melton Borough Council will include accounting and reporting arrangements, with regards BID levy payments, levy collected and transfer procedures.