



Northern Ireland
Assembly

Research and Information Service Bill Paper

15 August 2012

Eleanor Murphy

Business Improvement Districts Bill

NIAR 530-12

This paper provides an overview of Business Improvement Districts and the Business Improvement Districts Bill for Northern Ireland. The paper explores the definition of BIDs; the advantages of the BID model; international and national examples of successful BIDs; the types of activities and projects carried out by BIDs; funding of BIDs including the BID levy and funding from other sources; the drivers and barriers to successful BID development; factors contributing to the need for BIDs in Northern Ireland; and the future outlook for the BID model. The paper also provides a brief summary of the Northern Ireland BID Bill and highlights some of the key issues that may arise during the consideration of the Bill.

Key Points

- Business Improvement Districts (BIDs) are a **mechanism by which businesses in a defined area can work together and invest collectively** in order to contribute to the sustainable growth of the local economy. BIDs are developed, managed and activities and projects paid for by the business sector by means of a **compulsory BID levy** which businesses within the proposed BID area must formally vote in favour of before the BID can be established. Typically a BID is an arrangement that will last no more than five years and at the end of this term the BID will either be dissolved or will seek renewal via another formal ballot. The **Business Improvement Districts Bill**, introduced to the Assembly on 25 June 2012, and subsequent subordinate legislation will provide the **statutory framework for the introduction and operation of the BID model** in Northern Ireland.

- The **decline in the UK's town and city centres** is now well documented – most notably by the **Portas Review** and more locally by a recent Northern Ireland Independent Retail Trade Association report 'Town Centre First'. The recession coupled with the growth in online and mobile retailing, large shopping centres, out of town retail centres and changes in consumer behaviour have contributed to the decline of the high street. It is recognised that the reinvigoration of town and city centres will require a **multi-faceted approach** but that **BIDs can play a central role** in this regeneration.

- The BIDs model **originated in the USA** and has since proliferated through North America and Europe. It is believed that BIDs present **significant advantages** to local areas – e.g. a cleaner, safer and more attractive business district; a steady and reliable funding source for services and programmes to that provided by statutory agencies; increased footfall; and a district that is better able to compete with nearby businesses and large retail centres.

- This paper provides **illustrative examples of both national and international BIDs** including – Downtown DC (Washington BID); Bath BID; Dublin City BID; New West End Company (London) and Winsford Industrial Estate BID (an example of an industrial estate BID). According to the latest national BID survey (2011) there are currently over **110 BIDs operating throughout the UK and the Republic of Ireland** involving an estimated 60,000 businesses raising a combined levy of around £61m (and generating around £69m from other funding sources).

- BIDs are **involved in a wide range of projects and activities** including landscape maintenance (e.g. waste management, street cleaning, tree planting); public safety and security; the creation of attractive streetscapes; physical and environmental

improvements; marketing and PR; business development (e.g. tackling issues such as vacant premises, training and advice for business owners and their employees); and community services (e.g. charitable events, fundraising, working with local communities).

- Research highlights that the **availability of funding** to support BID development is crucial and that BIDs have typically been heavily reliant on local authorities for start-up costs. **Strong leadership** for both local government and businesses leaders is vital to the success of BIDs and the vast majority of BIDs in other jurisdictions grew out of **pre-existing business support organisations or town centre management structures**. Harnessing the strengths and potential of existing structures in Northern Ireland will be important for successful BID development.
- Consensus is that the **BIDs model can play an important role in the regeneration of town and city centres** but it is argued that **additional action will be needed** in other areas, e.g. a strategic vision and overarching policy for town and city centres; review of business rates and rate relief schemes; review of parking arrangements and charges; improvements to the public realm; tackling high vacancy rates; encouragement of a café culture and the night time economy; and better governance and joined-up government between departments involved in town and city centre regeneration.
- In terms of **the future of BIDs**, the Portas Review envisaged making successful BIDs model more sophisticated and powerful ('Super BIDs) and incorporating these in a "Town Team" Model. In the spirit of 'Localism' Portas argued in favour of devolving additional powers to these local 'Town Teams' including e.g. power to management community assets; the enforcement of compulsory purchase orders for vacant properties and to run certain government services. The **'Town Team' model is currently being piloted** throughout England.
- The **Northern Ireland Business Improvement Districts Bill** and subsequent subordinate legislation will provide the framework for the establishment and operation of BIDs. Although there is said to be widespread support for the establishment of BIDs, a number of **key issues** may arise during the consideration of the Bill including, e.g. adequate financial support to fund the set-up costs of BIDs; the contribution of commercial landlords to BIDs; and the impact of the Large Retail Levy on the introduction of BIDs.

Contents

What are Business Improvement Districts (BIDs)?	5
How do BIDs work?	6
What are the Advantages of the BIDs Model?.....	7
Business Improvement Districts – International Experience	8
Business Improvement Districts – the National Experience	10
What types of projects are BIDs involved in?.....	10
Examples of BIDs in the UK and the Republic of Ireland	12
Funding the BID: the BID Levy and Accessing Funding from Other Sources ...	16
What are Some of the Drivers and Barriers to Successful BID Development?..	17
Why does Northern Ireland Need Business Improvement Districts (BIDs)?	18
The Future for BIDs?	21
An Overview of the Northern Ireland BIDs Bill.....	22
BID Consultation	22
Summary of the BIDs Bill.....	22
Key Issues.....	23

1 What are Business Improvement Districts (BIDs)?

The Department for Social Development provides the following definition of a Business Improvement District (BID):

“A Business Improvement District (BID) allows businesses within a defined area to vote for collective investment in specific additional services in order to improve the commercial environment within that area. Additional services for projects are funded by a local business levy and all business with a potential BID have the opportunity to vote on proposals before the levy is imposed. Proposals are developed by local business-led partnerships, usually in co-operation with the local council. The BID levy offers a sustainable source of finance to funding additional services or projects required by the local businesses community”.¹

[BIDs Scotland](#), the national organisation set up to encourage drive forward the Scottish Government’s BIDs programme, further elaborates upon the definition and illustrates the flexibility of the BID model in that it can be applied to both a diverse range of business sectors and to different economic and geographical areas. It defines a BID as,

“...a business working together and investing collectively in local improvements, in addition to those delivered by the statutory authorities, which will be of benefit to the businesses involved which contributing to the sustainable economic growth of the local economy.

By working together businesses can reduce costs, share risks and create new platforms for growth.

...they are not restricted to towns or city centres, [the model allows]...for innovative BIDs to be developed in areas such as the hospitality sector, tourism and visitor markets, commercial or industrial districts, rural areas, agriculture or single sector businesses who wish to collectively improve their business environment.

They are often but not exclusively, a partnership arrangement through which the local business community and the statutory authorities can take forward projects which will benefit the local economy.

A BID is not a substitute for central or local government investment, but an additional investment to strengthen the local economy and give local businesses a unified voice...

¹ Department for Social Development (2010) Consultation on Business Improvement Districts and Licensing of Pavement Cafes, p5. www.dsdni.gov.uk/index/consultations/archived-consultations/archived-consultations-2011/consultations-business-improvement-districts-and-licensing-of-pavement-cafes.htm

BIDs are developed, managed and paid for by the business sector by a means a compulsory BID levy which the businesses within the proposed BID area must vote in favour of before the BID can be established. Each business liable to contribute to the BID will be able to vote on whether or not the BID goes ahead.²

Typically a Business Improvement District (BID) is an arrangement which will last no more than five years (indeed this is the proposed maximum mandate set out in the Northern Ireland Business Improvement Districts Bill), at the end of this term the BID will either be dissolved or will seek a new mandate, but this must be via a formal renewal ballot.

The New York City Department of Small Businesses Services offers a useful illustration of the BIDS business model in that it states that BIDs function in a way that is very similar to how the business model of many large shopping centres operates:

“The idea for BIDs is modelled on the shared maintenance programme of many suburban shopping centers. Malls are typically single properties, managed by one entity that sublets the retail space to multiple tenants. Tenants pay a common area maintenance fee to underwrite services that enhance the appearance of common areas and provide co-operative advertising for the mall and its stores....A BID works in much the same way. However, because the BID is set in an urban context, multiple property owners agree to the extra fee (assessment). Thus, stakeholders in a commercial district can align themselves in much the same way to improve their area.”³

How do BIDs work?

In short, the UKBIDs website states that UK BIDs have the following core components, e.g.⁴:

- BIDs allow businesses in a defined area and business sector(s) to vote on which additional services they want to invest in, to improve their trading environment.
- The vote is open to tenants – if a majority, both by number and by rateable value, approve the proposal, all ratepayers will contribute through business rates. The interests of large and small businesses are protected through a system which requires a successful vote to have a simple majority in both votes cast and rateable value of votes cast.
- BIDs are operated by not-for-profit partnership organisations.
- Once voted for, the levy becomes mandatory on all defined ratepayers.

² Business Improvement Districts Scotland. www.bids-scotland.com/index.php?option=com_content&view=article&id=13&Itemid=204

³ New York City Department of Small Businesses Services (?) Starting a Business Improvement District: a step by step guide, p1. www.nyc.gov/html/sbs/downloads/pdf/bid_guide_complete.pdf

⁴ Cited in Sear, C.& Parry, K. (2012) Business Improvement Districts. House of Commons Library, p5.

- The BID Plan is for a specified mandate and further proposals to continue the BID will have to be reaffirmed through a vote.
- Local authorities play an important role and are charged with legal responsibilities, including the provision of rating data to calculate the BID levy and the collection of the levy via a ring-fenced BID Revenue Account. Note in the Northern Ireland BIDs Bill it is proposed that the rating data and collection of rates will be a function of the Land and Property Service rather than local councils.

2 What are the advantages of the BIDs Model?

It is believed that there are several advantages resulting from BIDs collective arrangement:

- A cleaner, safer and more attractive business district.
- A steady and reliable funding source for supplemental services and programmes.
- The ability to respond quickly to the changing needs of the business community.
- The potential to increase property values, improve sales and decrease commercial vacancy rates.
- A district that is better able to compete with nearby businesses and retail centres⁵.
- Increased footfall.
- Reduced crime levels.
- More effective marketing and promotion through the development of a 'brand' for the area⁶.

Specifically, the *UK BIDs Advisory Service* (delivered by the *Association of Town Centre Management*) has identified a number of the benefits that BIDs can offer to (a) Communities (b) Businesses and Occupiers (c) Local Councils and (d) Landlords⁷:

Table 1: Potential Benefits of Business Improvement Districts⁸

Community	<ul style="list-style-type: none"> ▪ Produces economic well-being and economic growth in an area. ▪ Attracts inward investment. ▪ Gives competitive advantage. ▪ Produces social well-being/improves quality of life. ▪ Develops partnership between private and public sector. ▪ Encourages corporate social responsibility. ▪ Provides sustainable investment for ongoing capital projects and services. ▪ Creates a positive sense of place and enhanced feeling of safety and well-being –
------------------	--

⁵ New York City Department of Small Businesses Services (?) Starting a Business Improvement District : a step by step guide, p1. www.nyc.gov/html/sbs/downloads/pdf/bid_guide_complete.pdf

⁶ Department for Communities and Local Government (2007) The Development and Implementation of Business Improvement Districts, p54.

⁷ UK BIDs Advisory Service cited in DSD Department for Social Development (2010) Consultation on Business Improvement Districts and Licensing of Pavement Cafes, p7-9.

⁸ UK BIDs Advisory Service cited in DSD Department for Social Development (2010) Consultation on Business Improvement Districts and Licensing of Pavement Cafes, p7-9.

	provides community pride.
Businesses/Occupiers	<ul style="list-style-type: none"> ▪ Increases footfall. ▪ Increases consumer spend and sales. ▪ Reduces costs (i.e. crime reduction, joint delivery of services such as promotions and marketing). ▪ Is flexible to address the issues of individual sectors. ▪ Give businesses a local voice. ▪ Creates more appealing environment for employees. ▪ Fair to smaller businesses. ▪ Fair system – those that invest will benefit – no freeloading. ▪ Can decide and vote for action before making the investment.
Local Councils	<ul style="list-style-type: none"> ▪ Harnesses private sector management/organisational drive and skills. ▪ Promotes greater understanding of the role of the local council. ▪ Provides new, sustainable investment and doesn't detract from other resources. ▪ Has commercial support.
Landlords	<ul style="list-style-type: none"> ▪ Assists capital value growth. ▪ Increases rental values of properties. ▪ Increases an area's desirability and attracts occupiers. ▪ Increase in trade which affects turnover based rents (some retail). ▪ Could help properties away from main footfall areas. ▪ Good PR for property company locally and regionally. ▪ Forges positive links with local councils.

3 Business Improvement Districts – International Experience

The Business Improvement Districts (BIDs) concept is said to have originated in the United States of America and have been important partners in the economic development major cities such as New York for more than 20 years. The BID movement in New York began in the 1960s and 70s in response to limited public resources and deteriorating commercial districts. Legislation permitting the establishment of BIDs for New York State and City was passed in 1981/82 with the first official New York City BID formed in 1984 (in the Union Square area of NY)⁹.

The BID model has since proliferated throughout North America and in more recent years has transferred to other continents such as Europe, Asia and Africa (although they are known by several different names). Many have grown from voluntary private sector led initiatives set up to revitalise city centres and other business sectors particularly during periods of economic decline¹⁰. There is said to be around 1,000

⁹ New York City Department of Small Businesses Services (?) Starting a Business Improvement District : a step by step guide, www.nyc.gov/html/sbs/downloads/pdf/bid_guide_complete.pdf

¹⁰ Hoyt, L. & Gopal-Agge, D. The Business Improvement Districts Model: A Balanced Review of Contemporary Debates. Geography Compass ¼ (2007): 946-958.

BIDs world-wide and around half of these are in the United States (for example, there is around 50 BIDs in New York and over 30 in Los Angeles)¹¹.

This brief case study provides an illustrative overview of one of the US BIDs:

Case Study: DowntownDC (Washington)¹²

More than 800 commercial properties comprise the DowntownDC BID area which encompasses the Gallery Place, Chinatown, Federal Triangle, Franklin Square, McPherson Square, Midtown and Penn Quarter neighborhoods. The Downtown BID boundaries, as set by the DC Council, include approximately 127 blocks and 530 properties subject to the Downtown BID tax.

The BID was established under District of Columbia legislation in 1997, and the BID was renewed for additional five-year terms in 2002 and 2007 through votes of property owners and tenants and actions of the Mayor and City Council. The BID was set up, around 15 years ago, in response to the decline in the downtown DC area which was then described as lacking in a cohesive identity and considered to be “dull, dirty and dangerous”.

A Board of Directors, consisting of 42 business and civic leaders, governs the DowntownDC BID with an annual budget of \$10 million and is expected to rise to around \$11 million in the 2012 financial year. The majority of funding is spent on maintenance, improving the physical appearance and environment of the area, safety and hospitality. The DowntownDC BID provides also provides services relating to hospitality, homeless services, transportation, marketing, special events, planning, economic development and environmental sustainability. In addition, the DowntownDC BID provides management services to affiliated non-profit organizations: the National Cherry Blossom Festival®, the District of Columbia Surface Transit, Inc. (DCST), the Public Space Planning and Management Corporation and the Mount Vernon Triangle Community Improvement District.

The organisation relies upon partnerships with the District of Columbia government, the federal government—especially the General Services Administration (through their Good Neighbor Program, which actively supports urban development through community partnerships); the National Park Service; and the National Capital Planning Commission, as well as the Washington Metropolitan Area Transportation Authority.

Some of the BIDs accomplishments: assisting in the implementation of a \$5.5 million streetscape upgrade; business improvement surveys and programmes; implementation of a new downtown “brand” through marketing and promotion; daily street cleaning and rubbish collection for businesses; setting up of pavement information kiosks; annual removal of around 1,000 items of graffiti; tree planting; hanging flower baskets; additional litter bins; sculpture projects; recycling points; new user-friendly downtown maps; potential sponsor-funded banner system; LED street lighting pilot; bike sharing pilot programme; funding of a downtown homelessness outreach team; training for property managers and security guards.

DowntownDC five year business plan can be accessed [here](#).

For further information on the BID see www.downtowndc.org/

¹¹ Information extracted from the UK BIDs website - www.ukbids.org/FAQ.php

¹² Information extracted from Down Town DC website and Business Plan 2012- www.downtowndc.org

How does the funding of UK BIDs differ from the US BIDs? In the US the BID levy (or tax as it is known) is usually a tax on *property owners* whereas in GB the levy is imposed on *business ratepayers* (with property owners permitted to making *voluntary* contributions to the BID)¹³.

4 Business Improvement Districts – the National Experience

Arguably BIDs are a relatively new concept in the UK¹⁴, legislation enabling the establishment of BIDs of England and Wales was introduced via the **Local Government Act 2003** and subsequent subordinate legislation¹⁵. The legislation providing for the establishment of BIDs in Scotland was via **The Planning etc. (Scotland) Act 2007** and subsequent subordinate legislation in 2007 and 2008¹⁶. In the Republic of Ireland the legislation enabling the establishment of BIDs was the **Local Government (Business Improvement Districts) Act 2006**¹⁷.

According to the latest [national BIDs survey 2011](#), there are currently **over 110 BIDs operating in throughout the UK and the Republic of Ireland**. The BIDs industry is now reported to be significant with an estimated 60,000 businesses investing in BID levies across the UK and Ireland raising a combined total levy income of around £61m. In addition to funding generated by the levy, it is reported that an additional £69m in investment is generated from other funding sources primarily from local government, regional government and property owners (other smaller sources include transport authorities and police forces). The vast majority of BIDs are currently in **town centres**, UKBIDs anticipates that in future an increasing number of BIDs will be developed in non-centres, such as industrial estates, or business parks¹⁸.

What types of projects are BIDs involved in?

BIDs are involved in a diverse range of activities, as Table 2 demonstrates. A report on the development of BIDs by the Department for Communities and Local Government, does however, highlight that the three core areas of activity for a significant number of BIDs are (a) marketing and promotion (b) safety and security and (c) cleaning. The report further notes that the total amount of funding received by a BID has a significant influence on the scale and nature of the activities that BIDs are engaged in¹⁹.

¹³ UK BIDs website - www.ukbids.org/FAQ.php

¹⁴ Williams, P. 'Business Improvement Districts are unashamedly business-led'. City Mayor Development. www.citymayors.com/development/business-improvement-districts.html

¹⁵ Part 4 of the Local Government Act 2003 and Statutory Instrument 2004 No. 2443 - Business Improvement Districts Regulations. See www.ukbids.org/legislation.php

¹⁶ See www.bids-scotland.com/index.php?option=com_content&view=article&id=22&Itemid=111

¹⁷ See www.oireachtas.ie/viewdoc.asp?fn=/documents/bills28/acts/2006/a4206.pdf

¹⁸ www.ukbids.org

¹⁹ Department for Communities and Local Government (2007) The Development and Implementation of Business Improvement Districts, p7.

Table 2: Examples of BIDs activities

Maintenance	<ul style="list-style-type: none"> ▪ Daily Street cleansing. ▪ Graffiti and flyposter removal. ▪ Additional Litter Bins. ▪ Recycling Points. ▪ Facilitating better waste collection mechanisms (e.g. promoting economies of scale in waste collection – i.e. encourage businesses to work in co-operation to negotiate cheaper bulk collection with private waste collection and recycling companies).
Public Safety/Security	<ul style="list-style-type: none"> ▪ Security measures e.g. CCTV; radio link-up between businesses (can be used as a warning mechanism to alert businesses that shoplifters are in the area). ▪ Public safety officers/wardens. ▪ Visitor assistance (e.g. information kiosks, meet and greeters).
Creating attractive streetscapes, physical and environmental improvements	<ul style="list-style-type: none"> ▪ Street widening. ▪ Improvements to traffic flow. ▪ Improved car parking. ▪ Re-siting of bus stops. ▪ Appropriate pedestrianisation of shopping areas. ▪ Tree planting, hanging baskets, holiday decorations. ▪ Improved and attractive street lighting. ▪ Directional street signs.
Marketing and PR	<ul style="list-style-type: none"> ▪ Developing and promoting the BID 'brand'. ▪ Promotion of special events such as festivals, markets, food fests, fashion shows, annual events (e.g. Halloween, New Years' Eve). ▪ Producing of promotional materials to attract consumers into the area – e.g. interactive maps, websites, mobile/electronic apps – e.g. containing information about the shops, businesses and events within the BID area. ▪ Newsletters (for both businesses and customers).
Business Developments	<ul style="list-style-type: none"> ▪ Tackling the issue of vacant premises. ▪ Encouraging an appropriate mix of businesses within an area. ▪ Promoting the evening economy and café culture. ▪ Free expert advice for businesses (e.g. on planning applications, advice on licensing regulations). ▪ 'BID Rangers' (e.g. used by Bath City Centre BID) who visit levy payers to offer advice on savings on e.g. utilities, business insurance. ▪ Special business to business offers and discounts (whereby one business within a BID area will offer special promotions/rates/services to fellow businesses within the BID area). ▪ Lobbying and liaison with local government /other statutory organisations over issues such as transport infrastructure, parking, ▪ Business training programmes for local business owners and employees within the BID area. ▪ Research and surveys – assessing the current business climate within the BID, monitoring improvements and achievements, applying and disseminating best practice examples from other BIDs.
Community Services	<ul style="list-style-type: none"> ▪ Charitable events and fundraising. ▪ Working with other statutory agencies e.g. probation board, employment services to offer volunteering opportunities with the BID area.

Some illustrative examples of BIDs in the UK and the Republic of Ireland

The Business Improvement Districts (BIDs) model is **designed to be flexible** in that it can be applied not only to a range of different sized geographical areas (both urban and rural areas) but also to a range of different businesses sectors. Currently, a significant majority of BIDs in the UK and the Republic of Ireland are larger scale enterprises that concentrate on town/city centre promotion and regeneration. However, there are a number of BIDs (around 20) that are concentrated around industrial estates or shopping parks.

This section provides some **illustrative examples of a diverse range of BIDs**, including some information on their governance arrangements, the activities they are involved in, and the different BID levies and income generated. The first example is **Bath BID**, a city centre based BID, that has relatively recently been established and provides examples of its aspirations and the some of achievements that it has made in its first year of operation.

The second example is the **Dublin City BID** which has been operational since March 2008 (the BID is up for renewal in 2013). This example briefly describes how a larger scale BID operates in significant geographical area with a substantial number of businesses (around 2,500) and budget.

The third example is the **New West End Company**, one of the most renowned BIDs and earlier established BIDs (set up in 2005) that covers major shopping areas of London including Bond Street, Oxford Street, Regent Street. Like the Dublin City BID, this is a much larger scale BID with a substantial budget and covering a wide geographical area and business mix. The final example, is **Winsford Industrial Estate BID** in Cheshire, the first industrial estate BID in the UK. It is an illustration of the achievements and progress of a BID that operates on a comparatively smaller scale to city centre based BIDs.

EXAMPLE 1: BATH BID²⁰

Background and Governance	BID Activities/Themes	BID Levy
<p>The Bath BID is a city centre based BID. The concept for a BID grew out of 'Future Bath Plus' a group with representatives consisting of the businesses and public sectors (Bath Chamber of Commerce and Bath and North East Somerset Council). The purpose of the BID is to enhance the appearance of the city centre and surrounding areas and to pursue a more</p>	<p>BID Priorities and Activities in First Year of Operation:</p> <p>Cleaner Streets: introduction of BID rangers who patrol the city centre in an 'eco-vehicle' which deep cleans streets and responds to cleansing incidents. Working with the local probation board in a "Community Payback" scheme which includes graffiti removal, street and street furniture washing, litter collection, weeding and ground</p>	<p>The Bath City Centre BID levy is set at 1% of the rateable value, and generates around £620,000 per annum.</p>

²⁰ Information in this section extracted from the Bath City Centre BID website – www.bathbid.co.uk

<p>effective and co-ordinated approach to the management of retail, tourism cultural activities and events. The BID consists of around 617 levy paying businesses.</p> <p>BID Development</p> <p>Businesses were consulted face to face in order to seek their views for the establishment of a BID (consultation from 27 April – 14 May 2010). Following the survey, businesses were formally balloted in October 2010. Following a successful result the Bath BID came into effect on 1 April 2011 (217 ballots cast, 155 votes in favour of the BID).</p> <p>Governance</p> <p>The BID board includes large retailers, small independent retailers, landlords, Chamber of Commerce, tourism and leisure sectors and the local council.</p> <p>A BID Manager (with city centre management experience) leads on the implementation of the BID's activities.</p> <p>The BID also has a Public Events Panel which meets every two months. The purpose of the panel is to give festival and event organisers one port of call when at the planning stages of an outdoor event.</p>	<p>work.</p> <p>Better Management of the Night Time Economy: introduction of 'Night Marshalls and the Night Watch Scheme which enables licensees, the police and CCTV operators to collaborate in matters relating to city centre security by using state of the art technology.</p> <p>Direct Savings for Levy Payers: using the economies of scale model in business waste through recycling and reducing the number of waste collection companies used. BID Rangers will also visit all levy payers to offer advice on savings on utilities, business insurance, special offers from BIDs businesses to fellow BIDs businesses.</p> <p>Marketing and Promotion: to develop Bath as a leisure, business and shopping destination. To deliver an ongoing programme of quality events and activities which attract people to the city centre. To work with park and ride operators to encourage late night shopping and development the evening economy. Using the social media to promote Bath city centre, e.g. promotion of free mobile app (Apple and Android) to be launched in the near future which will include functions such as offers and promotions, ticket purchase etc.</p>	
--	--	--

EXAMPLE 2: DUBLIN CITY BID ²¹		
Background and Governance	BID Activities/Themes	BID Levy
<p>The Dublin City BID was the first BID scheme in the Republic of Ireland. It has been operational since March 2008 and has a five year renewal mandate. The goal of the BID is to position Dublin City Centre as the location of choice for retail, leisure and business activity.</p> <p>The Dublin City BID area spans 2.5km², consists of 115 streets containing just under 4,000 buildings and 2,500 businesses. It runs from St. Stephen's Green to Parnell Street. On the Northside it stretches from Capel Street to Amiens Street and Dawson Street to South Great George's Street on the Southside of the city.</p> <p>The BID has prepared its renewal plan for the 2013-2017 period.</p> <p>Governance</p>	<p>The Dublin City BID has three main themes, i.e.:</p> <p>An Inviting City: additional pavement sweeping and washing; prompt removal of graffiti and flyposting; attractive flowers and shrubs; improved street lighting; clearer directional signage; additional litter bins.</p> <p>Achievements – e.g. successfully lobbied for a €12m investment for the regeneration of the Grafton Street area; introduced a rapid response street cleaning team to the BID area which responds to in excess of 25 emergency cleaning needs daily; transformed grey utility boxes into key information points for visitors.</p> <p>A Safe City: Working in co-operation with the Garda – organise briefings on crime and fraud prevention, BID significantly influences policing strategies, Garda receives a weekly BIDs report which influences the deployment of</p>	<p>All businesses situated within the Dublin City BID area are automatically members of the BID as a result of the vote taken in 2007. The levy is based upon 4% of the rateable valuation of the property.</p> <p>For the year ending 31 December 2011 the Dublin City Centre BID had an income of €2,458,467 (comprising of €2,265,360 from the BID levy and €193,106 from other income generated).</p>

²¹ Information extracted from the Dublin City BID website - www.dublincitybid.ie/

<p>The BID is managed by a Board of Directors comprising of representatives from small and large businesses (e.g. shopping centres, Penneys); Dublin City Council, hotels and service sectors. An Assistant Garda Commissioner sits on the Board as an observer. The BID is managed by a Chief Executive Officer.</p> <p>There are a number of Area Action Groups and the BID is said to hold regular meetings with the groups to update local businesses on the progress of the BID and to receive feedback.</p>	<p>police resources in the BIDs area. <i>Joint Policing Forum</i> – reports and records incidents of anti-social behaviour; have Area Action Groups which promote initiatives such as gating areas for security; BID supports a drug project to address drug use in the city centre areas; provision of additional street lighting. <i>Lobbying and Petitioning</i> – lobbies government on issues which it feels will impact negatively in the BID area e.g. successfully lobbied against the siting of a prisoner rehabilitation in the BID area, successfully lobbied to make organised street begging a crime.</p> <p>Marketing the City: Dublin BID has developed a marketing and communications plan; it assists along with other partners in running a number of events throughout the year to encourage visitors to the city centre (e.g. photography and art exhibitions, holiday festival events, fashion shows, cultural events). The BID also effectively uses the social media in its marketing activities including an informative and easy to use BID website, twitter, facebook etc. Development of an ‘iGuide’ Dublin business directory and related App.</p> <p>Help for Businesses:</p> <p>The BID also operates 13 footfall cameras around major streets to monitor trends across the city to analyse the impact of various events and initiatives.</p> <p>The BID is keen to introduce schemes that save businesses money by using economy of scale. As part of this programme it has recently introduced a group Insurance Scheme that offers members savings of up to 20% on their insurance premiums.</p>	
--	---	--

EXAMPLE 3: NEW WEST END COMPANY (LONDON)²²

Background and Governance	BID Activities/Themes	BID Levy
<p>The New West End Company was established as a formal BID in March 2005 and is one of the largest and most well-known BIDs. The BID area includes Bond Street, Oxford Street, Regent Street and 12 neighbouring streets. In December 2007 the BID was extended for a further five years via formal ballot and has a mandate until 2013.</p> <p>The Company states that it is dedicated to driving forward London’s West End as the world’s top shopping destination by promoting the district; delivering street management services and funding public realm projects. It is also a leading partner in the biggest</p>	<p>Immediate Priorities 2011/12:</p> <p>Driving Footfalls and Sales: campaigns, promotions and events to increase shoppers and encourage repeat trips.</p> <p>Keeping the Streets Clean, Safe and Well Managed: has dedicated team to implement this goal and works in partnership with Westminster City Council and the Metropolitan Police. Maximising the marketing opportunities and economic advantages to be gained from the London Olympics. West End Company has a Crime Intelligence Partnership consisting of over 220 businesses who receive intelligence reports about known criminals operating in the West End.</p>	<p>BID levy is applied to all ratepayers with a rateable value of £250,000 or more – the levy is set at 1% of rateable value. The levy only applies to retail, food and beverage, and leisure (including hotels) businesses. Empty properties will be liable for the BID levy via the property owner.</p> <p>‘Voluntary Members Agreement’ will property owners to provide match funding.</p> <p>Accounts for year ending 31 March 2011 recorded the following turnover</p>

²² Information extracted from the New West End Company BID - www.newwestend.com

<p>regeneration programme in the history of the West End. The Company works with key partners such as the Mayor of London, Westminster City Council and Transport for London.</p> <p>Governance The Company has a two tier Board Structure - a Strategic Board to drive the longer term ambition of the organisations - comprises of major retailers (e.g. John Lewis, House of Fraser, M&S) property owners (with large property portfolios) and an observer who is the strategic director of the built environment in Westminster City Council. An Operational Board to manage the day to day and promotional activities of the BID. Day to day operation of the BID is delegated to a Chief Executive and Executive Team.</p>	<p>People Not Traffic: the Company states that it is an active voice in pressing for further reductions to traffic in Oxford Street and Regent Street to improve the environment and keep ahead of international competition.</p> <p>At Your Service: a team of 'Red Cap' Ambassadors to provide a warm welcome and a range of information kiosks and on-demand translation services.</p> <p>Public Spaces to be proud of: a focus on less clutter, high quality streetscape.</p> <p>Insight and Performance: real time trading and footfall data and bespoke research on West End shoppers.</p> <p>High-Net Work Visitors: attracting high-end shoppers via the new 'London Luxury' campaign. The Company is for example, lobbying to relax visa constraints for Chinese visitors to the UK. Attracting visitors from the Middle East.</p> <p>Strong and Engaged Membership: promoting range of events, promotions and partnerships to ensure business in the BID area get value for money – to stimulate additional sponsorship and funding.</p> <p>Sustaining the Future Success of the West End: providing a £300m boost to the West End with a new 5 year business plan from 2013.</p>	<p>– BID levy (£2,540,630); income generated from voluntary partnership (£810,072); sponsorship income (£270,159) and Associate member contributions (£109,166). A total turnover of £3,730,027.</p>
--	--	--

EXAMPLE 4: WINSFORD INDUSTRIAL ESTATE BID²³

Background and Governance	BID Activities/Themes	BID Levy
<p>The Winsford Industrial Estate is located in Cheshire. In 2005, Estate businesses voted to make the estate the first BID located on an industrial estate. The BID implemented a £480,000 investment programme during its five year mandate (2006-2011). The development work for the BID was made possible due to funding and support from the regional development agency, local government, and local businesses within the estate. At the end of the mandate in 2011, businesses on the estate via formal ballot voted in favour of a successor BID which was approved by 92% of companies in the park, an indication of the success of the BID programme.</p> <p>The estate has in excess of 120 different businesses, operating in a range of sectors including logistics and warehousing, automotive, pharmaceuticals, retail, chemicals, business and professional services, environmental technology and energy.</p> <p>Governance The Business Improvement District (BID) is</p>	<p>The BID Plan 2011-16 objectives are based around three themes:</p> <p>Sustainable, Supported and Promoted Estate: employment of an estate manager; publishing a quarterly estate newsletter to promote the estate, particularly to visitors and investors, and also to inform business within the BID area on relevant issues; a marketing campaign to attract inward investment and to review the benefits of renaming Winsford Industrial Estate; maintenance and development of assets – e.g. landscaping and street furniture, maintaining the high standard physical infrastructure of the estate; a website to promote the estate and the services and products it offers.</p> <p>Secure and Safe Trading Environment: collective action by the business community in the BID area to prevent crime and improve security, e.g. a mobile security patrol service over Bank Holidays; rapid text and emailing service to enable businesses in the BID area to transfer information, warnings – operates 24/7; CCTV maintenance; procurement of a property marking system</p>	<p>All businesses on the estate that pay non-domestic rates are levied. No relief is offered to new businesses or charities (with the exception of limited companies that have more than one hereditament within the BID area). The levy is based on a banding system, e.g. a rateable value (RV) greater than £400,000 will be levied at £1,663 per annum; a RV£100,000-£250,000 will be levied at £1,139; and a RV of less than £5,000 will be levied at £189.</p> <p>The BID income for the new 2011-2016 mandate is estimated to be £445,230 (around £89,000 per year).</p>

²³ Information extracted from Winsford Industrial Estate website - www.1-5bid2.co.uk/ and www.winsford1-5.co.uk

<p>governed by the Winsford 1-5 Business Environment Group. All businesses who are levied are members of the Group. Groundwork Environmental Services (Cheshire) Ltd acts as the BID Body, on behalf of the Winsford 1-5 Business Environment Group. An estate manager leads on the promotion of the estate and acts as a first contact point for businesses within the BID area and external agencies wishing to engage with businesses in the BID. The manager works in co-operation with the BID management team to ensure standards in the estate are maintained.</p>	<p>which will enable items stolen on the estate to be identified and returned.</p> <p>Training, Knowledge and Skills: a minimum of 4 seminars per year for businesses with the BID area (e.g. HR and employment law; health and safety, fire safety, business improvement); offering a range of training course (e.g. risk assessment, manual handling, first aid, driver training, performance review and appraisal). The BID will also deliver an email information service e.g. disseminating information on public contract tenders, latest developments in HR, health and safety and environmental legislation.</p>	
--	---	--

5 Funding the BID: the BID Levy and Accessing Funding from other sources

According to the [Nationwide BID Survey 2011](#), despite a decrease in average BID levy income there are still healthy levy incomes being generated by City/Town Centre BID areas in the context of a difficult recessionary period. These BID levies continue to be further augmented by additional voluntary income streams from other sources (e.g. local councils, property owners etc.). The average BID levy for 2010/11 is estimated to be around £510,527 although this will vary depending on the size of the BID area and the number of businesses levied and the rateable values in that area²⁴. Table 3 provides some illustrative examples of the amount of levy income generated in different BID areas.

Table 3: Examples of income generated by different BIDs²⁵

BID NAME	LEVY INCOME 2010/11	No of Hereditaments 2010/11
Brighton BID	£170,000	384
Camden Town Unlimited BID	£430,000	298
Falkirk BID	£170,000	540
Essential Edinburgh	£870,000	585
Hull BID	£465,000	1,379
Newcastle NE1 BID	£1,600,000	1,300
New West End Company	£2,608,000	290
Daventry BID	£140,972	389

There are different ways in which the BID levy is calculated. The most common mechanism used by BIDs is to set the rate at 1% of rateable value. The 2011 survey highlights that just 3% of BIDs set the levy under the 1% rate, a small number of BIDs levy a rate of 1-2% or more than 2%²⁶. A non-domestic rateable value of, for example,

²⁴ RICS Research Partner (2011) Nationwide BID Survey 2011, p9.
www.britishtids.info/LinkClick.aspx?fileticket=taJezdUJuU0%3D&tabid=36

²⁵ RICS Research Partner (2011) Nationwide BID Survey 2011, p10.

²⁶ RICS Research Partner (2011) Nationwide BID Survey 2011, p14.

£90,000 per annum would be a £900 levy on the business occupier. Some BIDs operate a banding system for the calculation of the BID, for example, Alloa Town Centre BIDs Business Plan proposed to set the following levy²⁷:

Band	Property RV Range	Levy Amount
A	£1,499 to £6,000	£240
B	£6,001 to £8,499	£340
C	£8,500 to £13,100	£540
D	£13,101 to £22,250	£740
E	£22,251 to £36,250	£940
F	£36,250 to £180,000	£1040

The highest thresholds tend to be applicable to London based BIDs where the property values and hence rateable values are significantly higher than the rest of the UK²⁸.

Some BIDs do not levy businesses if they occupy premises with a low rateable value, other BIDs place different levies according to the type of business. Birmingham Broad Street BID, for example, levy bars, clubs and casinos at 2% whilst the vast majority of other businesses in the area are levied at 1%²⁹. Some BIDs offer **exemptions** or **discounts** in the BID levy for certain sectors, e.g. charities, voluntary and community groups, start-up businesses, shopping centres whilst others offer no exemptions or discounts.

In addition to income generated by the BID levy, some BIDs attract **additional voluntary contributions** from a range of sources including local government and property owners and developers. Birmingham Broad Street BID states, for example, that it raised in excess of £1.7m in additional funding in its first five years of operation which was invested in improvements in the area.

6 What are some of the drivers and barriers to successful BID development?

Research commissioned by the Department for Communities and Local Government (DCLG) has explored the drivers and barriers to BID development. The report highlights that the **availability of funding to support BID development** is of critical importance and that BIDs in England have been heavily reliant on local authority and other development agency funding for start-up costs³⁰. The successful establishment of BIDs is linked to the availability of resources to support the development activities and therefore a key question for BIDs in Northern Ireland is whether there be sufficient funding to support the development of BIDs and from what sources this funding will come from.

²⁷ Alloa Town Centre Business Plan, p10.

²⁸ RICS Research Partner (2011) Nationwide BID Survey 2011, p14.

²⁹ Birmingham Broad Street BID – www.broadstreetbirmingham.com/broad-street-business-improvement-district/

³⁰ Department for Communities and Local Government (2007) The Development and Implementation of Business Improvement Districts, p10.

Strong support and leadership from both local government and business leaders is vital for the development and success of BIDs. The research commissioned by DCLG found that the vast majority of the early BIDs in England grew out of **pre-existing organisations or structures within town and city centres**, particularly town centre management or regeneration or other local development schemes. For successful BID development in Northern Ireland it would therefore be necessary to harness the strength of similar structures (e.g. town centre management) along with the expertise offered by the business community (e.g. Chambers of Commerce). **Local authority support and encouragement** of BIDs is another crucial factor, through for example, provision of funding for development activities, proactive-active promotion of the opportunity to establish BIDs and secondment of staff to undertake development work³¹.

With regards to the barriers to the future developments of BIDs, the DCLG research found that **marketing and branding the BID** are important factors in encouraging support for the BID. Low levels of awareness of BIDs and the benefits of BIDs will impede the level of support the BID receives from the local business community³². Local businesses within a BID area must feel and be in direct control of the BID and its activities. This is particularly important when it comes to balloting for a BID and for the renewal of the BID after its mandate has come to an end. Strong local authority support is crucial and local authorities in Northern Ireland must have robust policies in place that support BID development in order for the BID model to be a success.

7 Why does Northern Ireland need Business Improvement Districts (BIDs)?

The decline in the UK's town and city centres is now well documented in a recent series of reports, most notably by the [Portas Review](#) of the future of high streets, and more locally by the Northern Ireland Independent Retail Trade Association's (NIIRTA) report '[Town Centre First](#)'. The NIIRTA report states that in 2011 over 1,000 small shops closed in Northern Ireland and that it anticipates that this trend was likely to double during 2012/14. It further highlighted that many of Northern Ireland's town centres now have a shop vacancy rate of between 30-50%³³. A British Retail Consortium Survey reports that Northern Ireland has the highest rate of vacant shops in the UK – a 14% vacancy rate in Northern Ireland compared to the UK average of 11%³⁴.

³¹ Department for Communities and Local Government (2007) The Development and Implementation of Business Improvement Districts, p10.

³² Department for Communities and Local Government (2007) The Development and Implementation of Business Improvement Districts, p12.

³³ Roberts, G. (2012) Town Centre First: 50 solutions for reinvented retail in tomorrow's town centres, p7.

www.niirta.com/policies/town_centre_first.pdf

³⁴ BBC News Northern Ireland. 'Northern Ireland has highest rate of vacant shops in the UK'. 20 February 2012.

www.bbc.co.uk/news/uk-northern-ireland-17101432

The Portas Review was commissioned by the Prime Minister in May 2011 to conduct an independent review on the state of the UK's high streets and town centres. The Portas report very succinctly highlights the challenges facing the high street,

“The phenomenal growth of online retailing, the rise of mobile retailing, the speed and sophistication of the major national and international retailers, the epic and immersive experiences offered by today’s new breed of shopping mall, combined with a crippling recession, have all conspired to change today’s retail landscape. New benchmarks have been forged against which our high streets are now being judged. New expectations have been created in terms of value, service, entertainment and experience against which the average high street has in many cases simply failed to deliver. These reasons alone conspire to create a new shopper mindset which cannot and should not be reversed. The only hope our high streets have of surviving in the future is to recognise what’s happening and deliver something new.”³⁵

A recent report by Colliers International confirms much of what the Portas Review has highlighted. The Colliers report argues that consumers are now looking for a much wider retail experience than that generally offered by provincial high streets. Consumers now want a shopping experience that combines retail and leisure, the head of retail at Colliers International in Belfast has highlighted that,

“This divergence of spending from our provincial high streets and shopping centres has been further impacted by the growing influence of Victoria Square, which now offers a comprehensive shopping experience as both a retail and leisure destination.”³⁶

What the Portas Review, the NIITRA report and a Northern Ireland Assembly Committee for Social Development [Inquiry into Town Centre Regeneration](#)³⁷ have in common is recognition that town centre and high street regeneration will require a multi-faceted approach. The consensus is that the Business Improvement District (BID) model can play an important role in the reinvigoration of town and city centres. Arguably the BIDs model will only be successful if coupled with a range of other measures, including for example³⁸:

- the development of an overarching policy for town centre regeneration, a strategic vision and revised governance arrangements to ensure the effective delivery of such a policy;

³⁵ Portas, M. (2011) The Portas Review: An independent review into the future of our high streets, p2-3.

www.bis.gov.uk/assets/biscore/business-sectors/docs/p/11-1434-portas-review-future-of-high-streets.pdf

³⁶ BBC News Northern Ireland. ‘Gap growing between Victoria Square and other NI shopping centres’. 14 August 2012.

³⁷ Northern Ireland Committee for Social Development. Inquiry into Town Centre Regeneration. 8 October 2009.

http://archive.niassembly.gov.uk/social/2007mandate/reports/report_14_09_10R.htm

³⁸ Examples taken from the Portas Review, NIITRA report and Committee for Social Development Inquiry Report.

- a review of business rates and business rates relief initiatives for smaller businesses;
- a review of parking arrangements and charging policy;
- making high streets accessible and attractive through public realm schemes, improved transport infrastructure, measures to reduce anti-social behaviour;
- review of the retail planning policies including greater restrictions on out of town retail developments;
- encourage larger retailers to support and mentor smaller retail businesses;
- encourage landlords, particularly 'absent' landlords to take more interest and responsibility in the growth of businesses occupying their properties;
- explore innovative measures to prevent shop vacancies and explore effective disincentives to prevent landlords from leaving properties unoccupied for long periods;
- encourage town/city centre living e.g. living over the shops initiatives.
- Effective promotion and marketing of town centres e.g. a "National Market Day" or an independent retailer week;
- Encourage the growth in the evening economy, e.g. café culture in town and city centres, support for the Arts infrastructure;
- Encourage the establishment of smaller retail incubation units to support the start-up of new local businesses and support for new entrepreneurs;
- Better governance and join-up government, NIIRTA highlights that town and city centre regeneration requires the input of several departments including DSD, DoE, and DfP. It argues that negotiating with three different departments, with three different Ministers and officials has been difficult for local businesses and their representative organisations. It advocates that a Strategic Town Centre Partnership should be established which brings together all relevant Ministers together with key players in town centre management to advise on policy and ensure effective co-ordination.

Northern Ireland government departments have already taken a number of important steps to tackle the decline in town and city centres and to assist smaller businesses, for example, the development of area Masterplans, public realm schemes, Small Business Rate Relief Scheme and the introduction of the Large Retail Levy. However, it is clear from the Portas Report that further innovative measures are required to invigorate town and city centres. BIDs will have an important role to play in Northern Ireland as a mechanism to provide a collegiate and strategic approach to those challenges.

It is interesting to note that some areas in Northern Ireland have already made significant progress in relation to preparatory work in anticipation of the passage of BID legislation in Northern Ireland. For example, Belfast City Centre Management has published a [report](#) highlighting to the business community the existence of BIDs as a method of financing additional services to improve their trading environment. It also

canvassed views regarding service provision in any future portfolio for the city centre. This is the first time that local city centre businesses have been surveyed regarding BIDs³⁹.

8 The Future for BIDs?

The first important step will be to successfully establish BIDs in Northern Ireland and sufficient time must be allowed for BIDs to develop and gain support from the local business communities (which will be crucial for a successful ballot). Northern Ireland is already somewhat behind developments in Great Britain and the Republic of Ireland where BIDs are already operational. However, on a positive note, a number of cities and towns within Northern Ireland already have a strong town/city centre management team in place from which to build upon.

It may be insightful to explore what future potential and devolution of responsibilities BIDs could fulfil in the future. The devolution of powers to local communities and businesses is already a key policy focus in GB in the form of the Westminster Localism Act. The Portas review, for example, argues that the BID model could be progressed even further, that is, in the spirit of ‘Localism’ empower successful Business Improvement Districts to take on more responsibilities and powers and become ‘**Super-BIDs**’, e.g. the power to buy community assets, enforce compulsory purchase orders and run certain government services. Portas believes that the BID model has the potential to be developed into something more structured and sophisticated⁴⁰.

The Portas Review argues that BIDs would have an important role to play within her vision of a “**Town Team**”, which would comprise of landlords, large and small businesses, council representatives with specialist knowledge in planning and development, local MPs, service providers and local residents. The “Town Team” would have a visionary, strategic and strong operational management structure for high streets (although Portas does note that in some areas this function is already done well by local authorities and Town Centre Managers and needs to be built upon). A total of **27 ‘Portas’ pilots** have been established in England to test the ‘Town Team’ model backed by Government funding to develop and achieve their vision⁴¹.

Until the ‘Town Team’ concept has time to mature the BID model will predominate and the Director General of the British Retail Consortium states clearly the benefits and future challenges which lie ahead for BIDs,

“When Business Improvement Districts are developed and implemented effectively they make a very valuable contribution to improving the local trading environment and benefit the wider local community. The challenge

³⁹ Belfast City Centre Management (2010) Time to make Belfast even better: Business Perception Survey and Report on Business Improvement Districts. <http://www.belfastcentre.com/wp-content/uploads/2012/04/Time-to-make-Belfast-even-better-Report-July-2010-e-mail.pdf>

⁴⁰ Portas, M. (2011) The Portas Review: An independent review into the future of our high streets, p22.

⁴¹ For further details on the pilots see www.communities.gov.uk/documents/regeneration/pdf/2120140.pdf

for BIDs in the future will be to continue to be realistic in their levy requirement, clear about the planned benefits and persuasive about how they will be delivered.”

Stephen Robertson, Director General, British Retail Consortium⁴².

9 An Overview of the Northern Ireland BIDs Bill

The former Minister for Social Development, Alex Attwood announced his intention to introduce BID legislation in June 2010. This followed the recommendation of the establishment of BID by the Committee for Social Development and also representations in support of BIDs received by the Department for Social Development from a number of political representatives, local councils and a number of member organisations such as the Association of Town Centre Management and the British Retail Trade Association⁴³.

BID Consultation

The Department for Social Development [consulted](#) on proposals for BIDs between 1 December 2010 and 28 February 2011 and 37 written responses were received. According to the Business Improvement Bill [Explanatory and Financial Memorandum](#) there was overwhelming support for the introduction of BIDs – of the 37 responses received 35 were very supportive of the BID model. The primary concern raised in consultation related to the responsibility for the billing, collection and enforcement of the BID levy.

In the Department’s consultation it was proposed that billing, collection and enforcement should be the responsibility of local government. However, following the outcome of the consultation, and DSD discussions with the Department of Finance and Personnel, it was agreed that Land and Property Service would take on responsibility for the administration of the BID levy given that it already carries out a similar role in relation to its collection of the annual rates. Local councils will be responsible for levies that are unpaid.

The first stage of the [Business Improvements Districts Bill](#) took place on the 25 June 2012. The Committee for Social Development took oral [evidence](#) on an update on Business Improvement Districts from departmental officials on 28 June 2012.

Summary of the BIDs Bill

The Bill, as introduced, contains 22 clauses, in summary it will:

⁴² Quote extracted from www.britishbids.info/AboutBIDs/QuotableQuotes.aspx

⁴³ Department for Social Development (2010) Consultation on Business Improvement Districts and Licensing of Pavement Cafes.

- Allow a district council to **define a BID** within its council area or in co-operation with a neighbouring council.
- Require a district council to set up a **ring-fenced BID Revenue Account** to hold funds raised by the local levy.
- Require that **BID proposals be formally compiled** and put to a vote via **an official ballot**.
- **Specify those entitled to vote** in the ballot (i.e. non-domestic rate-payers within the proposed BID area).
- Specify the **conditions for approval of a ballot**. The interests of large and small businesses are to be **protected by a voting system which requires a simple majority in both votes cast and rateable value of votes cast** plus a minimum 25% turnout (by number and rateable value) in order to be successful. BID proposers in a given area may **specify if they wish to set a higher threshold**.
- **Allow a district council to veto BID proposals** in certain **exceptional circumstances** (e.g. if proposals are considered to significantly conflict with existing council policy or if they are likely to impose a disproportionate financial burden). In the event of a council exercising a veto, the BID proposer would be able to **appeal to the Department**.
- Specify the **maximum timeframe (five years)** for BID arrangements to operate before needing to be resubmitted to a ballot.

The actual details of the operational aspects of BIDs will be included in subordinate legislation. The Department's intention is to allow for maximum flexibility within the BIDs framework in order that the scheme can be adapted to suit local needs.

Key Issues

Some **issues** that could arise during the consideration of the Bill include:

- **Financial support to fund the set-up costs of Business Improvement Districts.**

The Minister for Social Development has made it clear that additional funding for BIDs will not come from central government⁴⁴. The start-up costs for BIDs can be quite substantial – e.g. baseline data on businesses in the area must be gathered; marketing and promoting the BIDs model must be conducted in order to gain the support of the local businesses community within the area in order to obtain a successful outcome in the mandatory BID ballot; assistance in developing the BIDs Proposal.

In GB a significant proportion of this work is undertaken with the assistance of consultants and financial support is provided by a range of sources including local government and regional development agencies. Setting up BIDs without adequate financial support may be a particular problem for smaller towns in Northern Ireland

⁴⁴ Answer to Assembly Question 1707/11-15. Question by Mr Sidney Anderson MLA tabled 22 March 2012.

who perhaps lack a town centre management structure which can take this work forward.

- **The contribution of commercial landlords to Business Improvement Districts.** The BIDs levy will primarily fall to non-domestic rate payers within the proposed BID area. This may raise the question of the contribution of commercial landlords who may gain financial benefits from rises in property values if BIDs are successful in reinvigorating commercial and social activity within a business area. In GB, landlords are encouraged to make voluntary contributions to BIDs, in the US the practice is that the BID levy must be paid by property owners. A key question in Northern Ireland is ensuring that property owners are encouraged to make a contribution to the BID area. The Portas Review argues that commercial landlords, as long term investors in an area, must be encouraged to make a greater contribution to BIDs but must also be given appropriate representation/a voice in BID management structures. Portas argues that legislation should be introduced to allow landlords to become high street investors by contributing to their Business Improvement District.
- **The impact of the Large Retail Levy on the introduction of BIDs.** This was an issue raised during the Committee for Finance and Personnel's consideration of the Large Retail Levy. The issue was raised by Boots as to whether large retailers, who have business premises within small towns and are supportive of BIDs, will question the merits of contributing to BIDs in addition to the Large Retail Levy. However, the Committee for Finance and Personnel noted at that time that given the legislation timetable to introducing BIDs was likely to be a two year process (i.e. involving the passage of both the BID Bill and subordinate legislation), it was unlikely that large retailers would be subject to the two levies simultaneously (given that the Large Retail Levy currently has a three year time limit)⁴⁵.

The former **Scottish Executive** published a consultation on the implementation of Scottish BIDs in 2004 and the **responses to that consultation** may be insightful for consideration of the NI Bill. In summary issues raised in the consultation included⁴⁶:

- **Ensuring that services provided by local councils did not diminish** as a result of the BID levy and ensuring that a **BID project did not simply all councils to reduce their current spending levels** in the BID area.
- **Councils should not have to take on the burden** of any **outstanding debt** as a result of an unsuccessful BID project.

⁴⁵ Northern Ireland Assembly Committee for Finance and Personnel (2011) Report on the Proposed Large Retail Levy and the Expansion of the Small Business Rate Relief Scheme, p66. NIA 25.11-15.
www.niassembly.gov.uk/Documents/Reports/Finance/7990.pdf

⁴⁶ Scottish Executive Financial and Central Services Unit (2004) Business Improvement Districts: Analysis of responses to consultation. www.scotland.gov.uk/Resource/Doc/47237/0024872.pdf

- Some respondents suggested that legislation should allow the **BID levy to be applied to residential property** as well as non-domestic as these properties could also benefit from improvements made to a BID area.
- Some respondents felt that there should be a **robust withdrawal mechanism** in place where a BID project was clearly failing to meet its objectives.
- There was general **agreement that councils should have the right to veto a proposal**, however, it was agreed that there should be clear criteria in relation to when this veto should be used.
- Both the public and private sector respondents **felt that landlords had to make some contribution** towards the cost of BIDs as they were likely to gain in terms of improvement to market property values. Occupiers were concerned that this could have a knock-on effect of the landlord passing on the costs by increasing rents. Many respondents highlighted that it would be difficult to include landlords in the levy as the **rating system is geared towards occupancy** and not ownership and therefore the voluntary approach was the only way forward.
- Many respondents raised this issue of **start-up funding for BIDs**, i.e. the costs of arranging votes, the costs of administering the BID etc. A concern was that councils should not have to fund the front-end costs of a BID project.