



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Business Improvement Districts Bill:
Northern Ireland Retail Consortium Briefing

4 October 2012

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Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Ms Paula Bradley
Ms Pam Brown
Mr Gregory Campbell
Mrs Judith Cochrane
Mr Michael Copeland
Mr Mark Durkan
Mr Fra McCann
Mr David McClarty

Witnesses:

Mr Aodhán Connolly Northern Ireland Retail Consortium

The Chairperson: We move to a briefing by the Northern Ireland Retail Consortium. We are joined by Aodhán Connolly. Aodhán, you heard a bit of the discussion about the wisdom, or otherwise, and logistical circumstances of going to Falkirk to look at this as part of our consideration of the Bill. Perhaps you could reflect on that and let members know your views.

Mr Aodhán Connolly (Northern Ireland Retail Consortium): I certainly will.

The Chairperson: Members are concerned about several issues, and they have had concerns expressed to them. You are likely to be dealing with those, but there are issues around the level of buy-in and approval, and so on, that is required from the eligible ratepayers.

Mr Connolly: Thank you for making time in your busy schedule to hear about business improvement districts (BIDs). Before I start my evidence in earnest, I want to thank the Committee for its initial support of the legislation that is making its way through the Assembly. It is encouraging to see that all parties are working together for something that will make a huge difference to our cities, towns and communities.

I was also going to thank those of you who were going to make the trip to Falkirk. I will give you more of an idea why I think that it is still a good idea, although I will bow to your wishes. We have put together a full programme that will allow you to hear how the Scottish Government feel about it. The programme will also look at Edinburgh, Falkirk and Clarkston, so it is not just about the Falkirk BID. It is designed to allow members to make comparisons with towns and cities across Northern Ireland to see how BIDs would work in their constituencies, as well as in practical terms. It is not just about the benefits of business improvement districts; it is about the challenges in pulling together BIDs and how

they have been ironed out while operating in Scotland. I know that you have a busy agenda, so I thought that I would spend most of the time answering the questions and concerns that members raised on the debate on business improvement district legislation on 17 September. I would also like to spend a few minutes telling the Committee about the guidance on BIDs that our sister organisation, the British Retail Consortium (BRC), has compiled in conjunction with the Federation of Small Businesses.

At this stage, I will follow on from the evidence that my colleague Jane Bevis gave earlier in the year to show what BIDs mean in practice in England, Scotland, Wales and Ireland. As you know, the legislation was first passed in England in 2004, in Wales in 2005, and in Scotland and Ireland in 2007. There are about 140 BIDs across Ireland, Scotland, Wales and England at the moment, about half of which are in town centres. Most of the town centre BIDs have attracted additional income above the BID levy, totalling about £7.4 million in 2010-11. We are awaiting the figures for 2011-12. As well as that, town centre BIDs have helped to attract £39 million of investment in 2010-11 across only 35 BIDs. Most town centre BIDs have introduced innovation projects, with marketing, events and crime prevention remaining the most common. One hundred and five service projects in total were implemented, with waste management, energy costs and marketing leading the way.

As you can see, BIDs have made a huge, positive impact on the areas in which they are delivered. It is clear from the challenges facing our economy that there has never been a better time for this legislation and the benefits that it will bring. In our most recent vacancy monitor, the Northern Ireland Retail Consortium found that almost one in four shops across Northern Ireland is lying vacant.

The job of making retail one of the stalwarts that supports the Northern Ireland economy to grow again has just started. There is a need for investment by the Executive, but, most of all, for private-sector investment. Business improvement districts are a way of gaining much needed private-sector investment — not in a one-size-fits-all fashion, but in a way that could be tailored to the needs and strengths of our cities and towns across Northern Ireland.

I move now to addressing members' specific queries and concerns. I can only answer them from a retail perspective. That is my remit; that is where my expertise lies. I will try to fill you in as much as I can in that respect.

Mr Chairman, I will address your concerns first on the mandatory nature of BIDs. In the Scottish model, there is a 25% minimum requirement of agreement before a BID can go ahead. There is no minimum requirement in England, but BIDs regularly have a support rate of more than 40%. It must be remembered that BIDs are a democratic process and that the 25% minimum should be looked at as an effective safeguard to ensure that there is buy-in in communities for any BID. The members of the Northern Ireland Retail Consortium have no problem with that 25% minimum, because it is an effective safeguard. We are confident that any good proposals will gain support that will surpass 25%, as has been witnessed in Wales, Scotland and Ireland. Instead of looking at the 25% as the be-all and end-all and thinking that once it is achieved, you are fine, it must be remembered that it is just a safeguard. However, it needs to be there to make sure that there is a depth of feeling for what the BID will deliver and to make sure that the businesses, from retail to leisure to all sectors of the business community, have confidence in that BID. Any BID that does not meet that criterion will not go ahead as it cannot prove that it will effectively deliver what is needed for the town or city in question.

You also mentioned in your speech on 17 September the £500,000 that was made available in England to facilitate the setting up of BIDs. To be clear, any seed funding that could be made available to facilitate the setting up of BIDs would be really welcome. Seed funding was recommended in the Portas review, and that recommendation was accepted in England to give start-up funding even as a loan. Funding from the Department for Social Development and from local authorities would allow BIDs to reach the critical mass that they need to be prepared and to start delivering more quickly. If start-up money was available, it would allow us to catch up with Scotland, England, Wales and Ireland.

A concern was raised by a few members about how much small retailers know of the legislation and of BIDs as a whole and whether they will feel "railroaded" — I believe that was the word that was used — into taking part in them. As I mentioned before, our sister organisation, the British Retail Consortium, worked with the Federation of Small Businesses and has prepared best practice guidance and information on business improvement districts. It is available from the BRC website, and I am more than willing to pass it on to anyone who is interested.

The benefits of business improvement districts are for retailers of all sizes. A good mix of small and big retailers is essential not just for a successful BID but for any successful town or city. Sharing the resources that large businesses would pay in will give small retailers a huge benefit. In our guidance, we have stated that an essential criterion is that there must be full consultation and research into the business case for a BID, with a proper period for responses allowed. BIDs ballots are a democratic process with safeguards. They have a defined period with accurate performance measures and indicators, which allows large and small retailers to bring their concerns, as well as having the chance to vote against renewing BIDs, should they wish to do so.

We agree that there is a body of work to be undertaken by the Department to give clarity to the BIDs legislation and the BIDs process. However, having talked to departmental officials, we are very hopeful that that will occur when the secondary legislation and the regulations are published.

I will move on to some other issues. Mr Copeland and Mr Durkan asked what the money raised by the BIDs will be used for and whether some businesses may feel that they are being forced to pay for services that they do not want, do not require or that it will simply be replacement funding for local authorities. I want to be very clear about our stance on that. One of our essential criteria is additionality. That is to say that the services provided through the BID must be exclusively additional to those being provided by the local authority and other relevant service providers and that the additional services must be relevant to the business community. It must be clear that this is not simply a case of duplication or replacement.

I can give you a couple of examples. Extra security measures have been very successful in the Hull BID. The development of a dedicated, immediate response cleaning service for BID members in Dublin has been widely acclaimed. In Falkirk, one of the best things that they have seen is the taxi marshal initiative, which means that the night-time economy in Falkirk is seen as much safer than it ever was. Broad Street in Birmingham has had a successful marketing programme, which has promoted the area's diverse offer not only to visitors but to workers and residents, which is especially important here in Northern Ireland. Not all our towns are aiming for the tourist penny; it is about making it accessible for the people who work and live in a town or district.

Another issue raised in the debate was landlord involvement. We believe that anyone who can bring expertise and funding to the table for a BID must be welcome. However, there is a strong word of caution on this. There is a concern that unless safeguards are put in place, the levy on landlords could be passed on to tenants, and tenants would end up paying double. In the present proposals, there is no way for landlords to pay through the rates system, so that would have to be explored. As we have seen in other areas of business, there is a complexity in getting landlords involved, as it can be hard to locate them, some of them are institutional investors, and others do not have an on-the-ground presence in Northern Ireland. Therefore, although we welcome anything that can support BIDs in order to bring a marked improvement to the trading environment, we must remember that this is not property-based anywhere across the UK.

Finally, I will spend a few short minutes on what we see as the industry criteria and guidance for BIDs. I already mentioned that we put the criteria together with the Federation of Small Businesses. Those criteria showed the importance that businesses, large and small, place not only on BIDs but on ensuring that the process is delivered correctly. I have already mentioned the essential criteria for a proper business case and the consultation on it. I also mentioned the need for additionality and performance measurement. The need for a detailed budget for a BID, including transparent management costs, is essential. There is also a need to ensure that there is evidence of local authority approval of a proposal. It is also essential that the BID — I cannot stress this enough — be business-led and managed as a not-for-profit company, be independent of any local authority, and it should be managed by a board that is chaired by a representative from the private sector. At the end of the day, the legislation is being made to allow the private sector to invest more fully in our towns and cities. Lastly, it is essential that an effective retail crime partnership be a central component of any town or city centre BID.

Desirable criteria are that the BID levy should be supplemented by additional funding; that central operational costs should be less than 20% and be transparent; that there should be contingencies of no less than 5%; and that all BIDs should be non-political, which is especially pertinent in Northern Ireland.

The document that I gave you earlier also contains guidance on a BID proposal, how to build a BID, the cost and management of a BID and how to renew a BID. I hope to meet departmental officials to discuss that guidance in the near future to ensure that the lessons from Scotland, Wales and England

can be passed on for the benefit of Northern Ireland. There is no use in trying to reinvent the wheel every time we do something. If there are lessons to be learnt from the 140 BIDs that have been successful, let us learn them.

I will do my best to answer your questions. If I cannot give you an immediate response, I will, of course, reply as soon as possible. It is a very wide and diverse topic, and I cannot have every bit of knowledge in front of me, but I will try my best.

Lastly, Mr Chairman and members, thanks very much for giving me this opportunity to speak to you.

The Chairperson: Thanks for your presentation, Aodhán. You covered a range of issues. Just before I bring members in, can you give us an idea of any actual levy rates imposed?

Mr Connolly: The guidance notes that we put together state that it is usually up to and including about 1% of the rateable value, but sometimes it can be less. In very exceptional circumstances, there is a levy of 2%. The main feedback that we have had from the BIDs in England, Scotland and Wales has been that anything over 1% is unacceptable, even for smaller BIDs, which need a little bit more money to get started. Therefore, we envisage good practice being about 1% of rateable net annual value.

Mr Copeland: Thanks, Aodhán. We spoke earlier.

Mr Connolly: We certainly did.

Mr Copeland: I am broadly supportive, but I have a couple of small queries, some of which you may be able to clarify and others that you may wish to take a bit of time to think about. At the start of your presentation, you described the system as democratic and stated that 25% was required. Is that 25% of the businesses that may be affected or 25% of the rateable value?

Mr Connolly: It is 25% of the businesses.

Mr Copeland: Numerically?

Mr Connolly: Yes. As I said before, we see that as a minimum safeguard. In practice, what has been seen with BIDs, especially in England, is that it is usually 40% or above. When it comes to renewing BIDs — especially those that have been very successful because the concerns of businesses were listened to during the planning phase and they delivered what they were supposed to — the numbers of businesses and people involved will not only stay the same but will continue to grow.

Mr Copeland: I have a couple of other points. I will give them all in one go, and you can meander through them. The levy or the rate at which this tax, which, essentially, is what it is, will be levied is related to the rateable value of the property, which is subject to review. I believe that, in the not incredibly distant future, there will be a re-evaluation, which, in many cases, could see the value of properties fall. That would, by consequence, reduce the amount of income that is available to the schemes.

You referred to Ireland. Is the framework legislation on which the Irish BIDs scheme is based the same as or similar to the legislation used in the rest of the United Kingdom?

The other thing that troubles me slightly is the change that has occurred in urban areas, particularly east Belfast, where commerce has, basically, gone into shopping centres, and there are a number of other businesses but not in the traditional sense that one would understand. Those are the very areas that would benefit most from this sort of investment, yet they have a very high preponderance of charity shops, which might not be in a position to be included, and a very high preponderance of vacant shops. Therefore, the ability of the areas that need this most may be reduced by their current status.

Lastly, there will, by necessity, be an attached administration cost. From experience — I was going to say bitter experience — in Castlereagh Borough Council, I know that if you bring anyone in to administer in a council, you do not get them for minimum wage, and the cost of their salaries and overheads can be enormous. Castlereagh is unique in that it does not have a town centre. It has the Greenway in Cregagh, Carryduff and Dundonald, which, I suppose, proffer some options for it. Will the cost of administering the scheme fall on those who contribute to it or elsewhere?

Mr Connolly: OK. There was a wide range of questions there. I will have to get back to you on the Irish legislation. I am not wholly au fait with the direct comparison between the Irish legislation and the legislation in Scotland and Westminster.

I can give you an example from your constituency of a BID in all but name: Ballyhackamore. There is a good retail mix in Ballyhackamore of large shops, niche shops and even charity shops. What they have done over the past year or 18 months has proved to be a bit of a learning curve for me on BIDs, how they work and how you get communities together, and I have to pay tribute to the good work of Brenda Shankey and her team. By coming together, having that mix and having people put their hands in their pocket for a small amount, they have created a calendar of events. Ballyhackamore is also now cleaner and the footfall during the daytime is now reflected in the evening economy. One of the things that is often thrown at me is that I do not want the night-time or tourist economies doing well. I answer that by saying that, to be fair, anyone who goes out at night time needs to do their shopping during the day, and that footfall is symbiotic with the night-time and daytime economies.

Therefore, as far as urban areas are concerned, it is already proven that BIDs — even voluntary BIDs, as they are now — can make a huge difference, as they have in Ballyhackamore. As far as charity shops and charities are concerned, that is not something that I can answer with a mandate. However, I can say from personal experience — I sit on the boards of four charities, as you know — that they see this as yet another way of bringing people in. It is a footfall push. It can make a big difference to businesses, no matter the sector or what they deliver. I can try to find out for you whether there are any specific examples of what has worked well where there has been a high vacancy rate or there have been charity shops, but that is our stance.

Mr Copeland: That would be very useful.

Mr Connolly: I will talk to our information bods. You mentioned administration costs, which have been raised quite a few times and which businesses, large and small, always question. The way they see it, and rightly so, is that they work hard to make their money, and they do not want it to be spent in any way that is not logical or does not do what it is supposed to do. That is why, in our guidance and criteria, we say that management costs should never exceed 20% of the total expenditure and that all management and administration costs have to be clear. The other thing that we have asked today is whether there is any seed funding or anything that local authorities or the Department could do to facilitate even the first year and to move things forward. We would welcome that with open arms.

Mr Copeland: The last point was the potential impact of re-evaluation.

Mr Connolly: The Department of Finance and Personnel is starting to look at re-evaluation for 2013. According to the last discussion I had, it will come into effect in 2015. It will probably take 18 months to two years before BIDs go through. Once the secondary legislation and the regulations go through, it will be time for people to pull themselves together and work out what is effective for their town. Newry, for example, has already started looking at the historic basis and the cross-border market there. People have started looking at it, but, as far as the change is concerned, the re-evaluation will probably happen before the first BID is delivered, which will probably take about two years. Secondly, my understanding is that BIDs are five-year processes. Therefore, what is set in year one continues to the end of year five, and then there is a chance to renew. The chance to renew BIDs is a completely democratic process. It is not just a measurement of what has worked and what has not worked. It looks at the costs, including the admin costs, the cost of the levy and what things cost to deliver, whether it is the marketing programme, the taxi marshals or whatever is needed. There will be a chance at the end of a BID, whether that is four years or five years, to reconsider that. I will get back to you on the other questions as soon as I can.

Mr F McCann: I have a couple of questions. Thank you for the presentation. BIDs starting from here are probably doing so at the worst possible time, because it is in the middle of a severe recession. You said that one in four shops is closed and many more face closure, so that will make it all the more difficult to garner support in towns. I would have thought that chambers of commerce and chambers of trade would have been the key organisations to deliver something like that. Does it not undermine those, or is there a common approach to how that is dealt with? One of the biggest problems that town centres have faced, and which will probably force more closures, is the continued growth of out-of-town majors.

Mr Connolly: First, you asked whether this is the worst possible time for the legislation to come through. I will turn that on its head by saying that this is the best possible time for it to happen. There is an appetite among businesses, large and small, to do something that will change the way in which the high street works and will stop the decline of towns and cities. At the other end of things, we have seen the benefits across Ireland, Scotland, Wales and England. We are already behind. We are playing catch up now. The longer we leave it, the worse the situation will continue to get.

As far as the benefits of BIDs are concerned, people will hear about the difference that they can make and will actually see tangibly that the 1% of the rateable value that they pay in will be a great investment towards changing how things work for them and make everyone more prosperous. Therefore, it will be a benefit. Now is the time to do it. People are willing to work together now. It is the old story: when people are happy and business is good, they are apathetic, but when times are hard, as they are now, there is an appetite to work together and deliver. That is exactly what BIDs do.

As far as chambers of commerce are concerned, BIDs and their boards are not-for-profit organisations that just exist to organise and deliver a BID in the same way that lots of our members in the retail consortium are also members of different chambers of commerce throughout Northern Ireland. By the same token, lots of members of chambers of commerce could also be members of BIDs. I do not think that there is any sort of competition. Again, going back to the point that I made a couple of seconds ago, it is at times like these that the business community pulls together and wants to deliver. Therefore, it is not at all about competition: it is about providing the framework for delivering a focused approach to the needs of a particular town or district.

BIDs are not a panacea. However, they are better than a sticking plaster. At present, we are trying to get businesses throughout Northern Ireland to work together, start changing things and deliver. There are things that will make a difference. The rates revaluation has been mentioned. Different legislation is coming through. People are working together on a community basis, as I said — for example, in Ballyhackamore, as was mentioned — and through the BIDs process. This is not a panacea. However, it is a good foundation on which to deliver for towns and cities in a focused way.

You mentioned the growth of out-of-town centres, etc. We produced a paper called '21st Century High Streets'. At present, I am looking at updating that paper specifically for the Northern Ireland market and business. Through our members, we see the need for a strong high street. A strong high street has a good retail mix, with large, small and niche retail outlets. As far as out-of-town centres are concerned, it is one of those areas in which we have to look at lessons learnt. Instead of castigating people for being successful, we need to learn from how they have been successful.

Before the break, when I was with the Committee for Regional Development, I said that we needed to scale up, not scale down. We need to look at car-parking charges in town centres. We have said that we are committed to the Town Centre First policy and how we can deliver that. In some cases, because of the way in which towns are laid out and their historical nature, it will not work with business models. However, let us learn from the successes of out-of-town centres, such as the availability of parking, good-quality produce and good names — big and small retailer names. It is more about learning lessons than castigating people for being successful.

Mr Campbell: I welcome the presentation. I have a couple of straightforward questions. You said that there are about 140 BIDs, 70 of which are in town centres. Is that right?

Mr Connolly: At the minute, we have around 140 BIDs. I do not have the figure for town centres but I can find that out.

Mr Campbell: I thought that you said that it is about half. The Assembly research paper says that there are about 110 BIDs.

Mr Connolly: I am taking into account England, Scotland, Wales and Ireland and also the BIDs that have started. When we first put evidence to you nearly a year ago, our figure was 112. Others have come into existence since then. They may not have started to deliver big projects but they are in existence.

Mr Campbell: I want to tease out a more important issue. Some of the research that you talked about is very interesting, but it does not appear to me to be directly relevant to Northern Ireland. Although the information on the new West End company in London is very informative, it probably does not

have that many lessons to offer to a small to medium-sized town in Northern Ireland, or even to Belfast. Some bigger examples are not as relevant. Do you agree with that?

Mr Connolly: I do, but that is one reason why, when I was putting together the 17 October visit, I looked at places such as Edinburgh, which is the capital and flagship city in Scotland, and at other places such as Falkirk and Clarkston that will give a direct reflection.

Mr Campbell: I wanted to come to that; that is the nub of the question. I understand what you are saying about the Falkirk and Edinburgh examples, but is it possible to get examples of comparable sized towns in either the north of England, Scotland or the Republic so that people can make an objective assessment of a BID's operation that has been in place and look at the benefits and minuses with a comparable town 20 or 50 miles away where there is no BID?

For example, in the past week or so, everybody has been interested in the issue of empty retail space in our town centres. How does the empty retail space in Falkirk compare with that in a similarly sized town 25 miles away where there is no BID? Is there greater uptake or is the empty space similar? That would at least give us an objective analysis of whether BID's are working as well as some people say they are or the corollary, which may be that they are not.

Mr Connolly: I do not have that to hand right now but I will ask our policy department — or information bods as I call them — to see what it can come up with. You talked about comparable size. A lot of them will be huge and not directly reflective of Northern Ireland. However, a BID area does not have to be a city or even a town; it can be a trunk road or a small area. I gave the example of Birmingham, where its marketing plan is trying to bring not only visitors but people who work there and residents back into the area. That is based on one street, namely Broad Street. It does not have to be a huge BID or huge town by any means, shape or form. I will ask for comparable examples, not only for towns but for trunk roads and even examples that are comparable with your constituency.

Mr Campbell: I was a bit concerned about what you said about this not being just about town centres. There is an ongoing debate about out-of-town and edge-of-town versus town centre. I imagine that most people would be concerned if BID's, as a project, proceeded in such a way that the imbalance that is emerging at the moment in favour of out-of-town or edge-of-town as opposed to town centre might be worsened because some BID's in out-of-town areas progress better than town centre BID's.

Town centre traders might say that things are getting even worse through those BID's because, for whatever complicated reasons, they are not able to get a successful BID operation there but, three miles up the road on the edge of town where people popped up five years ago, they are getting a BID and doing even better.

Mr Connolly: I have now found the evidence. You were right, and I am glad to say that about half of the BID's are in town centres. In one year, the 35 town centre BID's brought in £39 million. Those are the latest figures that I have, but I will go back and get an update. I will try to get some data and comparisons and get those to you. It is not something that I have looked into a lot, but I am sure that our policy department has. I will provide that answer to the Committee.

Mr Campbell: OK. Thanks.

Mr Copeland: Following on from something that Gregory said, it strikes me that it is vital to have some clarity on the geographical basis on which the BID's will be established. According to the premise you outlined, you could, for example, take the Newtownards Road and the Upper Newtownards Road and run a BID up through Ballyhackamore and Dundonald. Can you give us any information on how BID's are centred geographically? Based on the value of its property, a very large supermarket on the fringe of a BID area may not be required to pay a substantial amount of money into a BID. Do we know how BID's will be established?

Mr Connolly: There is guidance and good practice on that. By the same token, and to answer the first question the Chair raised in the Assembly, when the boundaries are set, the BID is mandatory and whoever is going to reap the benefits of the BID must pay in. It is a democratic process. We have guidance on the geographical location and how that works in practice. I will submit that to the Committee as soon as I get back to the office.

Mr Copeland: I would be very keen to see that.

Mrs Cochrane: Thank you for your presentation, Aodhán. A lot of the questions and points have already been raised. Ballyhackamore seems to have gone so much further than just being for retailers. It has pulled in the school and the church and really encouraged them to create a community feel. I feel that a lot of that was because Brenda Shankey has gone in there and that her personality is there.

I have done some other work with the traders in and around the Holywood Arches and Bloomfield Avenue. Belfast City Council has been helpful in providing an administration role, but what those traders are struggling with most is that they do not have a key personality who is giving that bit extra to take it forward. When you looked at the other BIDs, did you see that pattern? We talked about the boards and chairs of boards who manage the BIDs, but is there a key person who really puts that extra bit in?

Mr Connolly: Every BID board is different. The chief executive officer of the Falkirk BID is a guy called Alastair Mitchell, who has worked very hard to organise the day for us. He is very good at what he does, because he is very good at bringing people on the journey and explaining himself. So, as far as that BID is concerned, the answer is yes. He is also very good at putting the benefits of the BID in simple, black- and-white terms.

I agree with what you said about the community feel, and some of the most successful BIDs were not just about clean-up or traffic marshals. There is a taste festival in Hull that goes by the wonderful name of the Yum! Festival. It has a very ethnic and diverse range of foods, and the catchment area for that festival is huge and brings in people from outside the BID area. It is not just about having one personality. It is very advantageous to have one person to get things going and show the benefits, but getting a community feel is more about what is right for that area and community.

Ballyhackamore is a great example of what can be done at Christmas and during the Olympics, and that is where BIDs come into their own. Ballyhackamore, as you know, is not just a business district; it is a residential district. You can deliver that community feel when you have that good mix.

Regarding who pays for this and how you can bring in additionality; as we have said in the desirable criteria that we have in the guidance, we would like to see the ability to apply for additional funding to deliver community projects with each BID. You said that the Holywood Arches got money from the council. As BIDs are strong, because they show that the business community is working together, and because they show that it is not slapdash and that there is a focused plan to deliver, that allows business improvement districts to lever in other funding, should that be European, local authority or from the different Departments. The really good things about BIDs are, first, they focus on what the community needs and, secondly, because they have the strength of pulling people together and delivering, they allow leverage of other funding to deliver what that community needs.

The Chairperson: If you had a joint BID, could you have a Yum! Yum! festival? *[Laughter.]*

Mr McClarty: Most of the points have been covered already. Business, particularly retail business, is all about footfall and encouraging in as many people as possible. Of course, that is where out-of-town scores over the town centre, because in town centres there are car-parking charges and the ever-present redcaps who are very enthusiastic about their jobs. That has to be taken into consideration. Are we pushing against the tide in the present day because of the changing habits of those who shop as the result of the not huge, as yet, but growing percentage of people who shop on the internet?

Mr Connolly: I know exactly where you are coming from. A friend of mine does his grocery shopping on the internet and never has to set foot in a town centre at all. However, this is about education and having a culture change in the communities in Northern Ireland, and it is about using BIDs to make those areas retail destinations and not just areas for popping in for a pint of milk. Town centres should be somewhere you want to go because there are niche shops. A family member of mine goes to a shop in Ms Bradley's constituency once every six months because it is the only place that they can get what they need. It is about having that niche and having those family or community things that bring people in.

A lot of our members sell over the internet, and we are very proud to represent them. I go back to the fact that it is not about one or the other; it is about having a good mix. BIDs can ensure that that mix is not just one type of shop, another type of shop, a large retailer and a small retailer; BIDs focus on the particular strengths and needs of the community.

I go back to the Deputy Chairman's constituency, and what we talked about last year at length: one of the oldest canals on the island is in his constituency, and there is a lot to be made from the historical value of that area and the cross-border market. It is about having that mix and making people want to come to an area that is safe and that has more than just retail to offer, for example, leisure. Bangor is a great example of this. I talked to the town centre manager there, and I talked to Mr Easton about his constituency. There is a great offer there and it is ripe for a BID. Pickie fun park has just been redeveloped and looks brilliant, and I remember going there when I was a kid. You have the leisure pull as well as good retail and some really nice niche shops as well as large retailers. It is about having that mix and about giving people the added incentive to spend their money somewhere that is safe and that offers a great mix of retail and other services.

Mr Durkan: Thank you, Aodhán. Again, most of the points have been covered. I have no doubt that there is a huge appetite, as you said, among businesses in particular to do something to assist business in general. In fact, they are crying out for help from the Government. However, from looking at this, I have an awful feeling that it is being done so that we can say, "Here is how we are helping you. We are introducing this legislation, but you are paying for it." I think that we will struggle to sell this to businesses without any government contribution to, at the very least, the establishment costs.

On the issue of the 25% minimum as a safeguard, given that we were talking about the fact that one in four shops is empty, which is obviously 25% as well, that shows how low that threshold is as a safeguard.

Michael made a point about the reassessment of rateable values, which will be coming in over the next couple of years. You answered by saying that you expect the revaluation to be done before the establishment of the first BID. I wonder whether businesses might think, "They are taking x amount off our rates bill and are now asking for that back in our BIDs bill." You have given examples, and I have no doubt that we will benefit from seeing examples of successful BIDs and hearing from businesses that have benefited from successful BIDs. Off the top of your head, can you give any examples of BIDs that have not succeeded and say why, in your opinion, they have not done so?

Mr Connolly: Going back to the revaluation of the rates in 2015, I hope that BIDs are started before then, but I cannot guarantee it. It usually takes about 18 months to plan, do a business plan, go out to consultation, respond to the consultation, and then do the ballot itself.

One of the things I would ask the Committee to do is get some clarity from the Minister on when the secondary legislation and the regulations are coming out and, in the meantime, ask him to give some guidance, so that people who have an appetite can start moving on this immediately.

On the point about whether people will look at this and say that the Department is giving with one hand and taking with the other as far as the rates are concerned, we do not know that, because we do not yet know what way this will look. It is up to the people who are driving and pulling together BIDs to go out there and sell the benefits. You mentioned how many shops are vacant. A very easy sell is to tell people about the benefits and to say, "The sooner we get these things in place, which are specific to our community and town, the sooner things will start to look brighter."

Off the top of my head, I do not have any examples of BIDs that have not been particularly successful. Again, I will submit those to the Committee once I have talked to our policy department.

Mr Durkan: Thank you, Aodhán. We have heard from members from various constituencies about the arrangements between and among successful businesses, which are BIDs in all but name, as you say. In making statutory provision for BIDs, what sanctions will there be for those who do not pay their levy?

Mr Connolly: As far as good practice goes, there is nothing in our guidance at the minute about those sorts of sanctions. What I can do is, again, go back and try to find out what has worked well in England, Scotland, Wales and Ireland.

I see why it might be a concern, especially where there are people who are not paying but are reaping the benefits. My understanding of the way that the legislation is framed in Northern Ireland is that, because payment it is based on rateable value and because it can be collected through the rates, it would be the same as not paying your rates bill. That is not to be sneezed at, and it comes with its own penalties. I will try to find information on best practice and send it to the Committee.

Mr F McCann: If memory serves me right, the Minister said that if 25% of traders decided to go down a certain course, everyone is tied into that.

Mr Connolly: That is the mandatory nature of BIDs, but I would need to look into what the sanctions are for not paying.

Mr F McCann: He put it that traders would have to pay something.

Mr Connolly: Mark, at the start you made the point about the need for government to be seen to be doing something. It is great that the legislation is coming through, and I was very glad that, before the Assembly rose for the summer, the Minister put such a priority on getting this through.

As I said at the start of my presentation, I thank the Committee for the support that it has given to the legislation. It would be nice to give businesses and communities that bit more incentive either from the Department or the local authorities to say that they believe in BIDs and that they could work in this town, area or road and to see some seed funding become available. Anything that facilitates the BIDs process, anything that makes it easier for businesses and the BIDs board to deliver and anything that gives businesses the confidence that BIDs will deliver for their area and have the full support of government is more than welcome.

The Chairperson: Aodhán, we have covered quite a range of issues this morning. We have not gone into the Bill as much as we probably should have done. At the end of the day, we are not really having a debate about whether these things are a good idea or not; we are dealing with a piece of legislation. Nevertheless, it has been a very helpful discussion, and, clearly, you can see where members are concerned. They do want to enable businesses to do whatever they need to do to thrive and to build their businesses, but, by the same token, safeguards need to be built in. Is there anything specific in the Bill that you or your organisation are opposed to? Some of the questions that have been asked this morning need to be answered by the Department as well as you. The Committee might engage in other fact-finding stuff.

Mr Connolly: There is nothing else in the specifics at the moment. Before we go to Falkirk, I hope to meet the Department and get some clarity on a few things. In the Assembly debate, the phrase used was, "the devil is in the detail". I would very much like to see the secondary legislation and the regulations, and, as I have asked for before, I would like to see the Minister bring out some guidance immediately to allow interested parties, businesses and communities to start pulling together their BID proposals. When the secondary legislation and the regulations are forthcoming, I will ensure that the Committee is informed of any worries that we have. We are very grateful to the Minister for introducing this at such a quick pace. It is now about ensuring that that impetus is continued in the secondary legislation.

The Chairperson: OK, thank you very much for your presentation, Aodhán.