



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Business Improvement Districts Bill:
ATCM/BCCM/NIIRTA Briefing

11 October 2012

NORTHERN IRELAND ASSEMBLY

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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
Mr Michael Copeland
Mr Sammy Douglas
Mr Mark Durkan
Mr Fra McCann
Mr David McClarty

Witnesses:

Ms Jacquie Reilly	Association of Town Centre Management
Mr Andrew Irvine	Belfast City Centre Management
Mr Stephen Dunlop	Northern Ireland Independent Retail Trade Association
Mr Glyn Roberts	Northern Ireland Independent Retail Trade Association

The Chairperson: Our second presentation this morning is from the Northern Ireland Independent Retail Trade Association (NIIRTA). I welcome Glyn Roberts, Stephen Dunlop, Andrew Irvine and Jacquie Reilly. It is good to see you again. Members have the papers before them.

Are you happy to give us a presentation?

Mr Glyn Roberts (Northern Ireland Independent Retail Trade Association): Yes. Thank you, Chair. You can probably see that my colleagues here are not all from my organisation. In NIIRTA, we work very closely with, and in partnership with, the Association of Town Centre Management (ATCM). Obviously, our team here today represents that. We have Jacquie Reilly, the business improvement districts (BIDs) manager for ATCM in the UK, who can bring a wider context and wider knowledge to the inquiry.

This is very much about us bringing solutions to the table rather than just bringing problems. BIDs are one solution. It is essential that the Assembly passes this legislation as soon as possible. It has been delayed for too long. Although other parts of the UK and Ireland have pushed ahead with this, the fact that we are dealing with this only now shows that we need to make up ground.

Looking at the context in which the legislation is being considered, you will all be familiar with the results of the survey that Lisney published a few weeks ago, which showed that Northern Ireland not only has the worst town centre shop-vacancy rate in the UK, but that it has a rate that is twice the

national average. The results showed that one in four shops in Belfast is vacant. Our interpretation of the report is that we are heading towards a situation where one in three shops in our town and city centres will be vacant in a very short space of time.

Over 1,500 small shops have closed in the past two years, not just independent retailers but a number of chains such as Fultons, JJB Sports and others. There are a number of others that are still very much on the danger list. The legislation is essential, alongside other actions such as sorting out car-parking charges, extending the small business rate relief scheme and looking at the establishment of retail incubator units. The Office of the First Minister and deputy First Minister (OFMDFM) announcement yesterday indicates that the establishment of retail incubator units is something we want to explore with them. What OFMDFM said about social enterprise incubator units in vacant shops is not a million miles away from the ideas that we have in our 'Town Centre First' report.

We also need to look at whether we can extend the empty premises relief. Members will know that if you take-up an empty shop that has been vacant for a year, you pay only 50% rates for the first year. That helps a business with its first-year costs and obviously incentivises many people, organisations and businesses to take-up vacant shops. I understand that 32 new businesses have started as a result of empty premises relief. That may be a small number, but it is a start.

We have always supported the BIDs legislation, and, obviously the consultation that the Department ran showed that there was overwhelming support for it. The Department for Social Development (DSD) indicated that there were three essential options for the legislation. We support option 2, which is for flexible legislation that brings greater local discretion and avoids the one-size-fits-all approach.

I will hand over to my colleague Jacquie, who will talk in greater detail about the legislation. My other colleagues here and I will be happy to take questions when Jacquie is finished.

Ms Jacquie Reilly (Association of Town Centre Management): Good morning, and thank you for the opportunity to come over to Northern Ireland. As you can probably tell from my surname, this is where my family's roots are. It is always nice to come over, although it always seems to be raining, and today is not any different.

My name is Jacquie Reilly, and I head up the National BIDs Advisory Service on behalf of ATCM. I first became involved in BIDs when I was asked to run the national BID pilot, which we started in 2002. I worked with the then Government — the Office of the Deputy Prime Minister, as it was known at the time, which is now the Department for Communities and Local Government — who were introducing the pilot. We had a group of property owners and businesses and basically piloted the idea of business improvement districts prior to the legislation.

That was a very interesting process, because we took 22 locations — everything from small market towns to coastal towns and cities — and we went through the process with them bar the actual ballot. That enabled us to write the legislation. So, the legislation is written on the back of practitioners' experiences. Not that I would suggest that you would want to, but if you saw the original draft regulations, then read what went through, you would see that it was hugely different. That is because it reflected the challenges we found and the things that we needed to change. As a consequence, it is legislation that does not sit on the shelf, dusty, and doing nothing. It is utilised, and has been enormously successful.

As you know, in 2004, the legislation in England and Wales came in. I then worked with Scotland on its pilot. Its legislation was introduced in 2007, at the same time as the Republic of Ireland introduced its legislation.

For us, the business improvement districts model, although not the panacea for everything in our high streets, has been enormously successful and, as you would expect of a new model, is starting to develop, evolve and do more things.

I will very briefly give you the statistics. As of today — we have several ballots out at the moment, as we always have — we have just over 130 business improvement districts. That is over 180 successful BID ballots. As you know, in all areas, the legislation is allowed for a period of only five years. This is very important; it demonstrates to all stakeholders that it is something that has to prove itself because, at the end of five years, however successful it has been, it has to go through the same process again and get support.

To date, we have seen 90% of renewals go through, all of which have gone through in the current economic climate. Businesses have voted not only once, when they perhaps might not have been entirely familiar with the process and might have voted on the basis that it sounded like a good idea that they should maybe support; they are actually voting on the facts. At the point of renewal, they are not interested in what has happened in any other location or what people do in America or anywhere else. They are interested in, for example, what Heart of London has done for them and their business, whether it has made a difference and whether they are going to support it again.

On average, 74% of businesses tick the box to say that they want to be charged more money to contribute to the area. When I started, I was invited to go to London to develop the pilot because my background was town centre management. Everybody in every room used to look at me as though I was mad. They said that I would never get businesses to vote yes. They said that businesses do not come to meetings, do not take an interest and do not open anything beyond their glass doors. Why would they voluntarily pay more money? The answer is that the legislation and process we go through requires us, and the businesses, to work in partnership with the local authority, to understand that we are trying to make them more sustainable and more viable. If we are not doing that, and if the plan is not going to work, businesses should simply vote no and our proposal should come to an end and not happen.

Therefore, we are going through a continual process with businesses of discussing the things in their location that are having an impact on their business. No matter how wonderful things are behind the glass doors, how highly polished those glass doors are, how well trained their staff are or whether they have the right products behind those doors, if outside is not very welcoming or safe, if nobody knows the business exists because it is down a side street, if the town down the road is doing festivals and promotions while their town is being neglected, they are not going to get the business in. Here is an opportunity to look at that location, see whether there are things we could improve and ask whether the business wants to contribute to them.

As you can tell, I am passionate about this. It is a fantastic model, and I thoroughly enjoy the work I do. I could give you 101 examples, but I will not do so, because you have more important things to discuss about the regulations. I simply say to you that business improvement districts are not, of course, the panacea to dealing with every problem. However, they are a huge opportunity for businesses to come to a genuine partnership where everybody around the table has put something into that partnership and where they are encouraged to be proactive and self-reliant and have a true voice in working out how, as a group, they can move things forward. They make the decision on their own, through a voting process. It is a secret ballot; nobody has got their hand behind their back. If they do not think the proposal is a good one, they should not vote for it. I would say that, and do say that, to any business that queries it with me.

The only other thing to mention from our experience is that although very successful, business improvement districts are a real challenge to develop, because of the nature of the process, and quite rightly so. Therefore, in their infancy, they need a lot of support. That is particularly the case in Northern Ireland. Recently, I did some work assessing the viability of a BID in Coleraine, Larne and Ballymena. There are a lot of small locations in Northern Ireland where a business improvement mechanism would need to be developed and worked to make sure that it works for small locations.

I urge you to get the regulations through. We would be delighted to help in any way that we can; to share our experiences and look at things that have worked and not worked for us. Get the regulations through as soon as possible and offer some support to locations in how they might develop their proposals. The only area I know of that did not offer support was the Republic of Ireland, and here it is, in 2012, with only two BIDs. However, in England, Wales or Scotland, where there have been academies and support for the development of BIDs, we have seen literally hundreds of BIDs go through and hundreds of businesses that are clearly voting a second and, in some cases, third time for renewals. We have had businesses vote three times to contribute towards business improvement districts. If there is any way that we can help, or share experiences, we would be delighted to do so.

The Chairperson: Thank you very much for that, Jacquie. That was very positive.

Mr Douglas: Thanks very much for the presentation. I have a couple of questions. According to some information we have, there are over 110 BIDs operating in the United Kingdom and the Republic of Ireland. The information is that there are 60,000 businesses, with a combined levy of £61 million. Also mentioned is £69 million from other funding sources. What other funding sources are you talking about for income generation?

Ms Reilly: We always encourage BIDs, many of which come out of town centre management initiatives, not to see this as the only contribution to the area. Many areas already have a cocktail of funding, and there are opportunities for other funding. We encourage BIDs, right from the start, to look for other contributions.

To give you an example, one of the most successful BIDs is Lincoln, which was one of our pilots. It is now in its second term, so has been through a second ballot. The BID brings in about £300,000 a year in business levy. However, the businesses spend just over £1 million in their town centre, because the BID brings in £700,000 from other sources. First, it has property-owner contributions, particularly from big property owners in the area, who want to contribute in addition to their tenants. Secondly, businesses outside the BID area that benefit from the town centre being successful give voluntary contributions. Thirdly, it secured grants from all sorts of places. It has a part-time worker who constantly looks at grants. It has everything from £2,000 from the Bishop of Westminster for something or other, right through to European funding. Finally, it generates income by, for example, buying season tickets for car-parking spaces from the local authority, and because it buys them in bulk, it gets them at a cheaper rate. It then sells them to its businesses for slightly more, but still less than what the businesses would have had to pay if they had gone to the local authority individually. The businesses benefit, the BID benefits and the local authority benefits. It runs markets and all sorts of things to generate income. There are lots of different ways to do it. This is obviously an example of a very good BID, but the average BID generates about 20% additional income every year, and we always encourage them to do so.

Mr Douglas: My next question is for Glyn. You talked about the importance of local towns and cities. I suppose that, across Northern Ireland and the various councils, there may be different attitudes. Rather than locating it locally, there may be out-of-town type initiatives. Is that the sort of thing you would totally oppose?

Mr Roberts: We are very clear that we have to adopt a town centre first approach. We need to have a planning policy that supports our town centres. We do not have that. Currently, the Department of the Environment (DOE) is considering two million square foot of out-of-town retail development; nine in Derry/Londonderry alone. There is enough space now in our town centres for many of those stores. To use one example, in Derry/Londonderry, ASDA is trying to locate a major out-of-town store. We say that there is enough space in the city centre for that type of store. If smaller towns like Bangor or Ballyclare can locate an ASDA in their town centre, which help generate footfall and contribute to the retail offer, why can our second city not? That is just one example.

Our vision of town and city centres is having the right mix of multiple, independent and niche retailers. It is about making destinations. It is about a strong café culture, a strong night-time economy, a strong arts and culture scene and a living community. There is potential. BIDs are essential to getting that across, but there are other things that we need to address. For instance, practical things, such as freezing car-parking charges for the remainder of the Assembly term and extending the small business rate relief scheme further. We also run into some structural problems, in that having three Departments responsible for town centre regeneration and planning does not help either. A big part of our job, and Andrew and Stephen can back me up on this, is having to work across three or four Departments to get even a small number of things done. That is important. I understand that the DSD is to bring forward its town centre task force report. We encourage the Department to bring that forward now, because it is not just about DSD. It is about the Department for Regional Development (DRD), DOE and the Department of Enterprise, Trade and Investment. All those Departments have a role. We have real potential to redevelop our town centres. However, the figures speak for themselves. Having twice the national average of shop vacancies in the UK is, in my view, a scandal. Some local authorities really believe that they can have a strong and vibrant retail sector in their town centres and still have lots of out-of-town redevelopment. That just does not work.

Mr Douglas: I have one final question. The Portas Review envisaged making the successful BID model more sophisticated and powerful. It talks about the town team model and super BIDs. When I think of super BIDs, I assume that we are talking about Belfast. Are there any examples of super BIDs?

Ms Reilly: Super BIDs is not one of Mary's most successful terms.

Mr Douglas: Next question, then. *[Laughter.]*

Ms Reilly: When she went out on the streets — I went with her — she was surprised, like a lot of people who are not involved in those sorts of things are. She thought that there was some group, somewhere, where everybody got around the table and genuinely talked and moved things forward. She was quite surprised to find that, in most places, that group did not exist. When she went to see BIDs, where those groups, by their nature, have to exist, she said that that was a model that works. If it works and we have already got some best practice, can we not take the model and do something more with it? So, she came up with the term "super BIDs". However, as far as we are concerned, it is more about realising that, when you get to the stage where a BID has been renewed by businesses two or three times, it needs to do more than just be clean and safe. However, there is no definition to say that that is what you get if you have a super BID.

Mr Andrew Irvine (Belfast City Centre Management): It might be interesting to note that, in size, you do not want a larger BID. Best practice now, over three terms of BIDs in England, Scotland and the Republic of Ireland, is if you go above 800 or 900 levy payers, that is actually not good for the businesses. You cannot communicate; the actual BID team cannot communicate effectively and maintain a relationship with more than that number of companies. Take Dublin. The Dublin city centre BID has 2,500 levy payers. If the Dublin city centre BID chief executive were here, he would tell you clearly that if Dublin had to do it again, it would have maybe two or three smaller BIDs as opposed to one very large one. With respect to size, big is not necessarily better.

Mr Campbell: Some of the stuff that Jacquie outlined is fascinating. I am conscious of the need to try to get best practice in the most relevant way. Sammy outlined some of the stuff about Northern Ireland's possible BIDs. I am really trying to get a handle on where we can compare like with like. You have Belfast, with a population of about 300,000, with towns, which may not like being called satellite towns, close by, within a 10- or 12-mile radius. Then you have Londonderry and the Newry area, with populations of about 80,000 to 100,000 and with large rural hinterlands. Then there are quite a few smaller towns, of between 30,000 and 60,000 people, with very large rural hinterlands. Effectively, those are going to be the potential BID applicants, I assume.

Mr Irvine: The size of the BID varies in the example. There are BIDs in the UK that are down to the size of one square in the middle of the village, right through to city centre BIDs. We are really promoting option 2 here, which involves flexible legislation, whether for a very small village or a town that wants to do something, or whether for Belfast city centre, that can be tailored to suit the location. Towns should not be delivered some prescriptive model that a particular location cannot make work.

Mr Campbell: My initial reaction is that I would not be averse to that at all, not that I have pursued it to the nth degree yet, but I am sure that we will get there in a short time.

Are there examples, particularly in northern England, that have the flexibility that would suit the type of projects that will be potential BID applicants in Northern Ireland? We can then say, "It works very well there; and there is a reasonable fit for quite a number of medium-sized towns in Northern Ireland." What we should do is adopt that best practice to get the system that will fit. If it worked for there, it will more than likely work for here.

Ms Reilly: I suppose that it depends on where you think northern England starts. A lot of people say that it starts after the Watford Gap.

There are a variety of BIDs, and I could give you endless examples. There are two things I want to say before I give you an example. It is really important that it is about local solutions to local problems. When we wrote the very first legislation for England and Wales, we spent a lot of time debating this understandable concern that flexibility means lack of control, which is a bit worrying. When you look across at the Republic of Ireland, which has gone for much more restrictive measures — again, they only have two BIDs — I think you will see that part of the argument is that it needs to have the constraints to ensure that it is done appropriately, but, the same time, it should not stifle innovation.

Birmingham has 10 BIDs: five in the city centre and five in local districts. So, in other words, they have BIDs on local shopping centre streets that are in the shadow of Birmingham city centre, but are still thriving and surviving and finding that that model works for them.

There are different ones. We have just been working in Sparkbrook, which involves 800 businesses, but there is not a single national chain in there. It is all local businesses, and they are working towards a BID. So, we have everything within those few miles, from the Retail Birmingham BID — whose

latest event, Style Birmingham, was last week, which cost hundreds of thousands of pounds and has major attractions — right through to Acocks Green, which is down the road, in one street, and is much more focused on local champion shopkeeper of the year promotions and those kinds of things. So, it is about flexibility.

As I mentioned earlier, in my opinion, Northern Ireland needs to consider funding an academy and looking at best practice that is right for it. The issue with smaller locations is the cost of delivering the BID. Although it would be nice to have large amounts of money, it does not matter if you only have £50,000 to spend, you still have a group of businesses that has that sum, which has to get together regularly to deal with all the issues of how to spend the money and what best to spend it on. The problem is this: how much does it cost to give them that option? By the time you have an office and you have employed a member of staff and done all those other things, you have taken up a large chunk of the BID money. If the BID money is £900,000, like Cambridge has, £100,000 to run the office does not seem too unreasonable. However, if the BID is going to be in Coleraine, it is different. I looked at the figures there and, depending on how we did it, we were perhaps looking at bringing in £200,000. Spending £100,000 on delivering the BID means that businesses are going to vote no. They will say, "Hang on a minute, for every pound I give you, 50p will go towards employing somebody, and I am not happy with that." So, the challenge for Northern Ireland is to introduce the best practice that makes this model right for you. There are examples that you can use from England and Wales, but some work needs to be done to develop the models that are right for you.

Beyond that, and I am not telling you anything that you do not already know, you also have a lot of smaller locations that have a lower profile of national chains, so we are looking very much at what we are doing for the independent business. At the end of the day, the true test of a business improvement district is whether it is making a difference to every business in that location. If it is not, it should not be there. That is why the model for a large amount of businesses becomes difficult. If you can achieve that, great, but for most, it is very difficult. I am not suggesting that you will not be able to find one business that has got no benefit from a BID, but we need to be able to demonstrate that the majority of businesses have benefited.

In some business improvement districts, we have got to the point where we can calculate the benefit for every business in the area. So, when a business gets its bill and its owner rings up and says, "I have just had a bill from you for this year's levy. What have you done for me?", you can press a button and print out the benefits that the business has received. You will then be able to say, "We have done x number of promotions, which were worth this. Our wardens have been in and cleared this from you stairwell, which was worth that. You paid £500; you have had £2,500 worth of services." The aim for every BID should be to start at a break-even point, because it is hard to do more than that. That way, whatever a business is paying in, it will, at the very least, get that benefit back.

Over the lifetime of the BID, they should be looking to expand so that, when it comes to the time for renewal, they can prove that being part of the BID is an investment and say, "This is what we did." That is why people vote yes for a second time. To give you a very brief example: in Bedford, where I worked, we tried to speak to Argos about the developing BID, but they would not even give us five minutes. Bedford is a relatively small market town, although not as small as some in Northern Ireland and probably similar in size to Coleraine, if not a little bigger. In Bedford, a voucher scheme was set up, so there were Bedford BID vouchers that you could use in Bedford or give to somebody as a gift. Those vouchers are accepted in every single national chain in Bedford and in all, bar three, independents. They are accepted in the leisure centre, and you can even use them as part of your down payment to a local estate agent. You can get them from the tourist information office, the website or from the BID itself. When they went to re-ballot, they rang Argos to talk about whether they would be willing to vote yes, and we got the same response — they did not want to talk us. We thought it was really frustrating that, after five years, we could not achieve anything. So, we went round to the store, presented ourselves and asked to speak to the manager. He said, "There is no point in you coming to speak to us, because we are going to vote yes. We cannot afford to vote no because we have redeemed £14,000 worth of vouchers in our store since you started and therefore are going to have to support it."

It is about the BID being able to demonstrate at the end of its lifespan that it has made a difference to each business. That is equally possible in small locations, but we have to make sure that what it takes to manage it and make it work does not outweigh the benefits that we are going to offer to businesses.

Mr F McCann: I am sure you will be glad to hear that some of the questions that I was going to ask were picked up by Gregory. In today's modern age, when we rely a lot on tourism, the whole idea of vouchers opens up a new avenue for businesses. Last week or the week before, I raised the issue of

the 25%. If 25% of businesses agree, the rest have to follow suit. What happens to them if they do not? Is there a penalty? How do you deal with that? Are there shops that have refused? Do you put a sign outside those businesses saying, "This is not a member of the BID. Do not shop in here"?

Ms Reilly: I do not know what you will decide to put in your regulations. I should add that I applaud you for having a minimum turnout, because we do not have one in England and Wales, and I think we should. In fact, we are still lobbying for that, which might surprise you, because we represent BIDs. Actually, there is a loss of credibility, I think, when you are talking to businesses — I do it myself — because in England, effectively, we are in a situation where a handful of people could push a BID through. However, that has never happened; in fact, the lowest turnout that we have ever had was 25%, which was in only one location. The average turnout outside the Republic of Ireland is 46%. We do not get a low turnout, but it is a very important point.

The simple answer is that it is like any democratic process. We encourage people to vote, but if they choose not to, there is not a lot that we can do. I note that your regulations, quite rightly, will require that the BID demonstrates to the local authority the extent of its consultation before it goes to ballot.

If a democratic vote goes through and BID status is achieved after any appeals, but someone refuses to pay their levy, you go through a process of trying to get them to pay it, and if they refuse, you take them to court. We have never had a court case that has not found in favour of the BID, and the levy has to be paid.

That is the enforcement side, but on the other side of the coin, we expect the BID to work with that business to be able to demonstrate to it that it is making a difference. When it comes to renewals, it is not so much about the turnout but that the number of those in favour increases. That is because the BIDs work hard to demonstrate to businesses that they are making a difference. Obviously, there is always a group of businesses that is not happy. I speak to them regularly, and people ring me. I am not going to suggest to you that there is always 100% support. We have a number of BIDs that have had between 90% and 100% vote support, but they are the few and not the many.

Mr F McCann: It is an interesting point. It is probably like divorce proceedings, because you are divorcing yourself from a number of shops in the city centre. I know that the owners of some shops in the city centre, at least the ones I have spoken to, are just hanging on by a thread. They would say that any additional money that they would have to pay puts their business at risk.

I am not saying that I am opposed to BIDs. I think that parts of the idea are exciting. I constantly get accused of being Belfast-centric, but Belfast has an opportunity, with the University of Ulster development in and around York Street, not to only bring in businesses but to look at how we can shape a part of the city centre that can attract tourists and local people back again. That is exciting.

Mr Irvine: There is a flip side to the coin. We effectively have a voluntary system. Belfast City Centre Management could almost be described as a voluntary BID, because nearly one third of our money comes from the private sector on a voluntary basis. However, Fra, we have major stores that are making money in the city centre but do not contribute. They are riding on the coat-tails of those who do contribute and they get the benefit. When the festive lights go up, which are half paid for out of private sector money, they get the benefit even though they do not put a penny in. We need to be conscious that the other side of the coin is the current scenario, in which people are riding on others' coat-tails, which is not fair.

Ms Reilly: I should add that, as far as I can see from your current proposals, you will be able to do the same here. We allow exemptions and capping, and it is a local decision. There have been a number of instances when the BIDs have looked at the businesses in the area and have said that all businesses below a certain business rate can be involved but will not be asked to contribute because they recognise that they are small businesses that are struggling. There are lots of opportunities to tailor it to what is right, which is why we also support the suggestion that you go for option 2 to ensure that local places have these discussions. What is most exciting about that is that the businesses have to have the discussions. As you develop a business task force and work with them over a year or two, they start to realise how difficult these decisions are, and it builds a much firmer relationship with the local authority.

Of course, everything is a balance. They often start by saying that they should exempt businesses because they want to help them. We say fine; we will look at the figures and if we exempt them, we will know how much less money we will have. Suddenly, they start to see the balance, and everything

has to be a debate. Andrew gave an example about festive lights. That is often a very interesting debate. When we start the process, we are effectively saying to businesses, "What would make a difference? What would you like to support?" We develop a shopping list and then, effectively, over a year or so, we keep talking to them and honing that list, until we get to the five or six things that they want to support.

At the beginning of the conversation, nine times out of 10, it will be Christmas lights. Every business will say to me, "The Christmas lights down the road are fantastic; ours are rubbish. Absolutely top of our list is that we want every street lit up like Blackpool tower for the entirety of the Christmas period." You keep giving the list back to them and the Christmas lights are on it. Then you get to the point where you have agreed all your exemptions, and you reach a figure that you know you would spend if it goes through. You then say to businesses that they need to decide on their final projects. I say, "You have £200,000 to spend; so that is £150,000 that we are going to chat about." And somebody says, "Hang on a minute, where is the other £50,000?" And I will say to them, "That is your Christmas lights. You said that you wanted to be lit up like Blackpool tower; it is going to cost £50,000." Someone will then say, "Hang on a minute, that is a quarter of our budget. I do not know if I want to spend a quarter of our budget on Christmas lights. There are more important things." So, the businesses have to have those difficult discussions, and they come to a point where they are supporting a plan after having gone over all the issues. That makes it a much stronger plan and engages them much more closely.

Forgive me, I know that I have gone slightly off the point. However, I hope that it reassures you that the businesses are directly involved in making the decisions about what is right for them, and what businesses can afford. In the same way, you are rightly concerned about those businesses that cannot afford it. However, that is a debate that they will have to have as businesses. They will have to decide what is reasonable and stand by it because they are going to put that plan out and deliver it, if it is supported.

Mr F McCann: I have one final point. I hate to labour it. When a BID is set up, is it just made up of businesses? I will talk about Belfast because I know a bit about it. There is a strategy, and Andrew works closely with the development committee and other committees of Belfast City Council. Is local government part of the structure that would be set up? The likes of DSD would also have involvement in the building up of city centres and town centres. Would it be involved in a BID? I think that one of the difficulties in the past was that committees were set up that had a single focus, rather than involving everyone. They made decisions at a table rather than referring back. Would it be part of the process?

Ms Reilly: The legislation for us is very flexible, but the best practices that we have developed have been based on what has been fed back to us. The board, which is responsible for the company and overseeing the spending of the money, should be made up of levy payers. The local authority is a levy player, so it will be around the table. However, what is important is that it sits around the table on an equal footing with everyone else and it has an equal say. That makes it a very strong partnership, because it has put money into the pot as well. Normally, you have a board of levy payers, which includes all stakeholders who pay. You might have the local college as well as the local authority, if they are all paying. Usually, they have subgroups that bring in everybody else to discuss what they are delivering, simply because you need the credibility to be able to say that those who are paying decide how the money is spent. However, for consulting with people, it has to be wider and there has to be consultation beyond that with residents, because they are clearly going to come into the centre and use it. So, we need to understand what they would like to see and what would work for them. There is huge consultation, but the board is usually made up of levy payers, which includes the local authority.

Mr Irvine: I think it important to recognise that a BID is a partnership with the local authority. The BID must agree, amongst other things, baseline services with the local authority. In other words, what is the business getting for its rates? What is the local authority providing for that? Separately — and it must be demonstrated as separate — what is the business getting from the BID for its levy? There must be clarity between the two. For that to happen, there must be a natural partnership and a conversation between the BID and the local authority. In fact, my understanding is that, under the legislation, if the local authority was not happy that that is being maintained or felt that the BID was transgressing into council functions, for example, the local authority can shut the BID down. I also understand that, normally — no?

Ms Reilly: No; as the legislation operates, at the beginning of the process, the BID and the local authority should be working together. As provided for in your primary legislation, the local authority has the right to veto, although it should never happen in my opinion, if what is being developed is detrimental to the local plan or if one particular group of people is disadvantaged. I always say to people — and it has also happened to date — that because the local authority is involved from the start, we should never get into that position. To date, nobody ever has, because, early on, somebody in the partnership should say, "Hang on a minute; this is not going to work." The local authority's responsibility once the BID is in place is to be a partner around the table and to ensure financial probity. It has a responsibility to make sure that happens.

Mr Irvine: I stand corrected, but —

Mr F McCann: Sorry, Andrew. I think that local government in cities and towns has a vested interest in ensuring that there is economic development, economic growth and people come into the thing. What has sometimes happened in the past is that you have a committee with no input and then maybe a council or somebody else comes in. They also have to be at the heart of this, on an equal footing, and be a paying partner like everybody else. If you do not have that from the beginning, you are storing up trouble for yourself somewhere.

Ms Reilly: Absolutely, but remember that this is a specific model. It is not delivering anything other than what is in its business plan. That is agreed upfront, so it is not as if they can go off on a tangent and decide to do something else. If they did, they would have to go for an alteration ballot. That is why the proposal has to be presented to the local authority prior to the ballot. It has to decide whether it is happy with it, and then it goes out to the stakeholders, who vote on that plan. It gives businesses the assurance that they know what they are voting for. It is not a question of saying, "Here is consultation A; here is consultation B, tell us what you like and we will probably deliver something different". It is saying, "These are the projects; this is what they cost; this is how long they will take to deliver; and this is what we expect to develop from them." There can be alterations, but we are talking about alterations within the project. You might say that you are going to spend £100,000 on marketing and promotion, but you might not detail every single promotion, so you may, as a group, decide to do different kinds of promotions. However, you could not decide that you were not going to spend that on marketing and promotion anymore but on something else, because the business plan is quite clear. You are absolutely right: they should always be engaging, and we encourage them to do so. I am not aware of anybody who does not, because it is nobody's interests not to engage.

Mr McClarty: I thank the panel for the presentation. Is it not the case that the experience in England and Wales has been positive because local authorities have teeth, whereas in Northern Ireland, in the main, local authorities have very limited powers and the reputation of Departments here is that they work in isolation rather than together? We have one Department trying to keep traffic away from town and city centres and we have another Department trying to encourage it into our towns and cities. Is that not part of the problem here in Northern Ireland?

Ms Reilly: It sounds like a problem when you describe it like that. I do not know that it is a problem for BIDs in the same way, because BIDs are about developing a specific proposal. You ask whether they are successful because that does not happen. I do not think so, because it is about asking businesses what they need to improve their area, honing that shopping list and including the local authority to see whether it has an issue.

Mr McClarty: Yes, but the powers of local authorities here are very limited. In England and Wales, the local authority is part of the structure and can connect very quickly to rectify issues, whereas in Northern Ireland we probably have to refer to a Department to get things done.

Ms Reilly: Yes, but those issues are not stopping the BID doing what it is going to do. I can see why it would be an issue, but it is not a particular issue for the BID. That not being an issue is certainly not the reason why they have been successful in England, Wales and Scotland. It is about developing the plan. It is the BID that delivers it, not the local authority. From that point of view, I do not think it would have a huge impact, other than maybe the frustration of having to have a debate about something.

Mr Roberts: I made the point earlier that having three Departments responsible for this simply does not work. At times, you get a silo-mentality approach. We have to sit down and have a cold, rational look at how we fix this. Devolution is about ensuring that we get better decisions, have more accountable Ministers and get things done more effectively. Obviously, we would like to see a

slimmed down number of Departments; that is maybe a longer-term ambition. In the short term — this is in our 'Town Centre First' report — there is nothing to stop, for instance, DSD, DRD and DOE forming what we call a strategic town centre partnership. That would not be another quango or Invest Northern Ireland-type body. It would be something where the three Ministers could sit down with organisations like ours and make sure that there is a co-ordinated approach and that they are all singing from the same hymn sheet. That is something that could be done. We also suggested that there could be an Executive subgroup, in the same way that there is an Executive subgroup on the economy. Then, of course, there are the local authorities. I hope that the review of public administration will be something that will help the process. Other things we have suggested are, for instance, that local councils have a greater say over car parking —

The Chairperson: I do not want to stop you when you are in flow, Glyn, but I am conscious that we are now going into a discussion about governance, which is way beyond the issue of BIDs, with all due respect.

Mr Stephen Dunlop (Northern Ireland Independent Retail Trade Association): Chairman, if I could maybe just go back. I manage Bangor and Holywood. To answer the question: it may well be that, in Bangor, if we were to proceed with a BID, we could raise £150,000 to promote a seaside town. That would be done outside any other policy changes and urban regeneration initiatives. As Jacquie said, that could proceed without the other policy issues necessarily being addressed, although it is always nice to see them addressed.

The Chairperson: Are you happy enough, Glyn? I do not want to stymie you, but I am conscious that we are going into a wider discussion.

Mr Roberts: I appreciate that.

Mr Durkan: Thank you for your presentation. A lot of the points have been raised today and, in fact, before today. Jacquie gave one response on local authorities having the power of veto over BIDs should they be judged harmful to any group in the community. Who makes that call? Are BIDs equality-proofed in some way? Any issues or problems I have heard of or seen before have been around businesses being press-ganged into BIDs and not being able to afford them, like Fra said. What protections are there for businesses from being excluded from BIDs?

Ms Reilly: The protection, if that is the right word, comes with the debate in the task force as to where the red line is going to be and who is going to be exempt and not exempt. There has to be debate and a line drawn somewhere. The decision is made at a local level. For example, Kingston decided that every business, no matter how small its contribution would be, would be part of the BID, because that was the right way to go. Recently, Cambridge, which is out to ballot at the moment and which we are working with, had a long debate and decided that every business under a rateable value of £20,000 would be exempt. It had a huge debate about the pros and cons of that, because the reality is that those exempt businesses will benefit from BID services but will not have to pay. However, they will not be able to vote, so they will not be able to say whether they approve or disapprove. It is about a local debate about what is best for the local circumstances. There is always an argument about who should be in and who should be out. However, in my opinion, and in the work we do, that decision is based on what local people feel versus what is deliverable. If, as Andrew said, everyone would like to be involved, which is what happened in Cambridge, you end up with an area so huge that you cannot actually deliver the services. In such circumstances, there is no point in having the BID. So, we had to consider a realistic area in which we could deliver and then include in the proposal a pledge to say, "If we get this BID through, there will be a lot of expertise in this area, and if the cluster of businesses next to us would like to develop a BID, we will help it do that." That is exactly what happened in Birmingham. So, it is about making decisions at a local level on what is right and best for the area and what is the best fit to make a real difference.

There are lots of options in the longer term. Birmingham is the best example: they started with one BID and now have 10, because different people said, "This is working, we would like some help developing our BID." We have extended it and moved it forward, and they all work on their own issues and concerns.

Mr Durkan: Who draws the red line?

Ms Reilly: The task force.

Mr Durkan: Not the BID membership.

Ms Reilly: The task force is the BID membership. The task force, steering group or whatever you want to call it is made up of any potential levy payers who want to be involved in the debate. You will probably not be surprised to hear that the number of people willing to do that does not usually tend to be large. So, they have that debate and then they agree.

Mr Durkan: So, if there are five business owners on one side of the street and they, for some reason or other, dislike a business owner on the opposite side of the street, they can say, "Let's have a BID scheme for this side of the street."

Ms Reilly: No; you would never have a BID for one side of the street.

Mr Durkan: I am just making a hypothetical —

Ms Reilly: Our regulations specifically say that you cannot do that because it cannot be justified.

Mr Durkan: OK, what if there is a business round the corner that, for some reason, dislikes or has some grievance against the other businesses? The other businesses say, "We will have a voucher scheme for this street, and we will draw our red line around the street. So, anyone who comes here with vouchers will be able to spend them in this street and will not go round the corner."

Ms Reilly: That could happen if businesses voted for it, but the reality is that they would not, because a BID would not be sustainable on one street.

Mr Durkan: The reality in some places, certainly in the North, is that that could happen. What equality-proofing is done on the BID itself and its impact?

Ms Reilly: I still argue that that would not happen because the cost of running a BID, unless the street was a really big street, would be too high. We do have BIDs for one street, but that is because they are major streets that can sustain the BID. The whole purpose of the legislation is to provide a mechanism for any cluster of businesses that want to be proactive, come forward and put money in a pot. That is what it is for as long as they can convince other businesses that they want to do that.

The reality is that, when you go through the process, all these things shake down effectively, because there is an impact either side. The purpose of the veto on that — it specifically talks about financial burden — is to ensure almost the opposite of what you are saying. We foresaw what might happen and we lobbied for that to be included. You could have a town with a cluster of businesses, and then a short distance away could be a huge business with a high rateable value. The BID could say, "OK, we will draw our circle like this and go out there and include him because he is going to give us £20,000 a year in rateable value, which we would quite like. We are not going to do anything for him, but if the others vote for it, he will have to pay." The local authority's responsibility is to look at that and say, "No. That is not reasonable, we are not prepared to support that." That is the purpose of the veto.

Mr Durkan: That is where I had always been coming from.

Ms Reilly: I apologise. I got confused with the streets.

Mr Durkan: That was until today when I heard that it might be harmful to a group in the community.

Ms Reilly: There are two reasons for the local authority's veto. The first is to look and say, "Hang on a minute, this is detrimental to what we are trying to do, and we therefore can't support it." The second is, "Hang on a minute, you have done something like that and you are unfairly financially burdening somebody, and we are not going to support that." The reality, when you are debating things as a task force, is that you do have all these sorts of discussions, because there will be some businesses with very high rateable values. The real question is this: are they going to benefit? The key principle of BIDs is that those who benefit should pay. If there is no benefit, why should people pay? That is why the legislation, and this is proposed in your Bill, allows sector BIDs. So, you could say, "Actually, we have talked to all the businesses, and it is quite clear from speaking to them that the only sector that is

going to benefit from these particular projects is the leisure services sector." We have some BIDs that have a red ring, and there are retailers and others in there, but the only businesses that voted and paid were the leisure businesses, because what was being introduced was of benefit only to them.

It is really important that the BID will benefit businesses. Clearly, if they do not think that it is going to benefit them, I imagine that they will vote no anyway and it will not get through. It is such a huge challenge for all those reasons to deliver a BID, but once you get to the point where 74% of businesses have voted yes, it is because you have debated all these things, probably for a year or more, and you have come up with a robust proposal that the majority of people are happy with. Once they get through, most BIDs are very successful because they have been through a long and detailed consultation to develop their plan for what will work for their location.

The Chairperson: I presume the best we can do is to speak to people who have some direct experience of the outworkings of these BIDs elsewhere. Obviously, then, we need to talk to the Department about the types of safeguards that concern us, based on the evidence that we will hear and the concerns that we may have. We should then explore how we might want to address the legislative process.

You talked about having widespread consultations, and Glyn and others said that, sometimes, Departments do not work together, which is a recurring problem. People can spend a lot of money and make a lot of effort only for the utilities to come in and tear up the streets in the immediate aftermath of a tidy town project or something even more substantial. All those things have to be taken on board and those consultations have to be widespread. The stakeholders, whoever they are, have to be brought in, and whether they are ultimately going to be part of the BID is another issue.

Are members happy that we have explored this issue as best we can this morning? You know that we will come back to it during our full scrutiny of the legislation. I am not sure of the time frame after that, because we are dealing with the Welfare Reform Bill on separate dates, so to speak, but no doubt we will come to it.

Members indicated assent.

The Chairperson: Thank you for being here this morning and giving us a comprehensive understanding of the issues from your perspective and your call for support for the BIDs legislation. Obviously, it is our intention, notwithstanding the Welfare Reform Bill, to deal with the Business Improvement Districts Bill as soon as possible. It is very much within the legislative time frame, and we hope to expedite it as quickly as possible.

Ms Reilly: Thank you.