



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Business Improvement Districts Bill: NILGA
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:

Dr Ken Bishop	Northern Ireland Local Government Association
Alderman Arnold Hatch	Northern Ireland Local Government Association

The Chairperson: Representatives of NILGA — Northern Ireland Local Government Association — are here to brief the Committee on the Bill. I welcome Dr Ken Bishop, who is head of programmes, and Alderman Arnold Hatch. I remind members that the session will be recorded by Hansard. We have a number of questions, so if you are content to make your presentation first, members can ask you questions. Is that fair enough?

Alderman Arnold Hatch (Northern Ireland Local Government Association): Yes. Thank you very much, Chairman, for the opportunity to produce this response to the Business Improvement Districts Bill. As you all have a copy of the Bill in front of you, I will not go through it line by line. However, there are some salient points that we would like to reinforce.

There seems to be a large volume of support throughout the country for business improvement districts (BIDs), but there are some specific issues. For example, paragraph 4.1 of the explanatory memorandum details the intention that the levy should be collected by Land and Property Services (LPS). That is welcome, but the intention is unclear from the wording of the Bill, and we need clarity in the Bill on who collects the associated levy.

Similarly, there is a need to clarify who is responsible for enforcement in the event of non-payment. At present, that aspect is totally unclear, and it is recommended that Land and Property Services be the enforcement body. Sticking in a personal view, in the longer term, we think that certain functions of LPS should be transferred to local government because it has the incentive to make sure that the rates are collected for new buildings that have just been completed.

We have no particular issues with the responses to the call of the Bill. We support the clause on joint arrangements, which allows the Department to make regulations outlining procedure where a BID proposal covers an area lying within the boundaries of two or more district councils. We agree that that would maximise the potential BID revenue stream.

We support the idea of the proposals being closely aligned with the Scottish legislation, and we have some examples of good practice and of how it has worked in the past.

On clause 5, our submission states:

"As discussed in Clause 4 above, this will require detailed discussions and a close working relationship with the local councils for the remainder of the BID legislative process to agree the detail of the BID proposals and ensure they are fit for purpose."

I am sure that many of you will realise, as past or present local councillors, that the devil is in the detail. We would like to get that right and have further discussions with local authorities as we go through the process.

Clause 10, "Appeal against the veto", would allow any person who is entitled to vote in the BIDs process to appeal to the Department against a district council decision to veto BIDs proposals. There needs to be a legal requirement to appeal against the veto exercised by the Department so that there is transparency and no cover-up when it comes to why somebody appealed another person's BID. It is proposed that the BID levy be between 1% and 2.5%. In today's terms, that could be difficult, particularly for small local authorities, where the rate base is not high. The introduction of an overall cap on the levy needs to be discussed. To get a buy-in for a particularly good programme, there is a facility for a voluntary contribution to top that up if required.

We do not want this to be seen as just a Belfast answer to Northern Ireland's problems. Belfast has a much bigger rate base than anywhere else, but the 11 new councils will be much larger organisations and should be able to combine to produce a BID.

The ability for a BID to pull in additional funding resources may also be a significant factor in the Northern Ireland context. Clause 13 is too prescriptive and does not reflect the flexibility that is apparent in other clauses. On the one hand there seems to be flexibility; on the other, there are aspects that are very prescriptive. In certain cases, the role of accounting for that may well fall to councils in smaller towns and areas.

Clause 15 provides that the Department may make regulations governing the imposition, administration, collection, recovery and application of a BID levy. We need more discussion with councils on the detail. We reiterate that a careful balance between a sound legislative framework and the position of the council as a partner, rather than simply an enforcer, needs to be achieved. Research into best practice and the experiences of other jurisdictions will be essential.

Those are the main points that I wanted to highlight this morning. If there are any questions, no doubt I will refer to the expert on my left. Thank you very much.

The Chairperson: OK, Alan. Thanks for that. Do you have a view on the 25% buy-in required for people to become involved in a BID? Some members thought that that may be a bit low.

Dr Ken Bishop (Northern Ireland Local Government Association): Chair, the issue is the level of buy-in. First, we need to take into account that, as well as applying to the business community buy-in and the council buy-in, it applies to the buy-in for the local community. That needs to be taken into consideration, especially in these times when additional resources may be used to support BIDs and projects. We have no fixed view on the 25%, except that we need to consider a wider basis of consultation with the council, our wider community partners and the business community to ensure that we have the critical mass of support for the initiative.

Mr Copeland: Is that just 25% of the people who are present or are available to be present, or is it 25% of the valuation?

Dr Bishop: My understanding is that it is 25% of the rate, but I am open to correction.

Mr Copeland: Therefore, in essence, you could have one business —

The Chairperson: No; the 25% relates to individual traders. Value is another issue.

Mr Copeland: I was just trying to clarify that. Thank you.

Alderman Hatch: It would be difficult enough in some circumstances to get any more than 25%; that is a fair bulk of people.

The Chairperson: In fairness to it, the Department said last week, if I remember correctly, that in its experience, you rarely get below 40% buy-in, although I may be wrong about that. The Department said that although the buy-in was being set at 25%, in reality it will be larger than that. That is the experience elsewhere.

Alderman Hatch: Obviously, the more you get, the better.

The Chairperson: Surely.

Mr Douglas: Thank you for your presentation. I think that there is overall agreement that business improvement districts are good. However, you highlight concerns. How did you arrive at those concerns? Was it a matter of discussion among your members? I know that some of your members have visited business improvement districts in the United States. Did your concerns arise out of those visits? Have you spoken to people, and are those issues that they face, at local level, in the United States?

Dr Bishop: I have no personal knowledge of the United States elements. However, the draft consultation went out to councils for their views. Those were collated and the submission was put forward again to NILGA's executive for approval, in accordance with the governance structure.

Alderman Hatch: There is a representative body of the 26 councils. That is how we arrived at this.

Mr Douglas: I understand. Thank you.

Mr Campbell: NILGA is aware of the increasingly prevalent issue of town centre versus out-of-town development. Does NILGA have a view on whether BIDs should be open-ended, whether from town centre or out of town? Should it be an entirely level playing field, or should it, in some way, favour town centre development?

Alderman Hatch: The push for growth and jobs, on a broader scale, is led by town and city centres. However, outside Belfast and Derry/Londonderry, market towns are situated in rural areas. A BID could be a tourism BID to take in a region or an area. Therefore, there has to be flexibility in approach on whether BIDs are approved. If there is to be any benefit in this process at all, it has to be wider than just the town centre, a mountainous area or an area of outstanding natural beauty, for example. This has to be undertaken to improve the district, not just to —

Mr Campbell: I want to tease that out a bit. Town centres are concerned about growth; the Environment Minister faces that issue every week. There is a plethora of planning applications for substantial out-of-town retail development. Should BIDs have an open-ended approach, whether an application comes from an out-of-town conglomerate or from a town centre? If there were rival BIDs in the same locality, one from a town centre and one from out-of-town, should any distinction be made?

Alderman Hatch: The BIDs issue is not about out-of-town shopping centres.

Mr Durkan: It is about retail BIDs, I think.

Alderman Hatch: Yes. It is about retail BIDs. The towns are dying on their feet, and therefore —

Mr Campbell: Do you mean that town centres are dying on their feet?

Alderman Hatch: Yes.

Mr Campbell: That is the point that I am making. Therefore, do you think that, in the BIDs process —

Alderman Hatch: If an application is for retail, I think that it should be restricted to town centres. That is my own view; it is not the NILGA view.

Mr Campbell: Is it a view that is shared in NILGA? That is the point that I am trying to get at.

Alderman Hatch: It is difficult to say because, when it comes down to it, if it is a retail centre and there may be a big rates income from it, there could be very biased responses, supporting and opposing it. I would rather councils took a broader view on that.

Mr Campbell: I am sure that some councils would.

The Chairperson: It is important to raise the point. We are asking what would happen if an out-of-town development constructed a BID. Would that not further the difficulties and decline of town centres? Gregory, you were alluding to whether there was any way of saying, "Actually, no we won't approve that".

Alderman Hatch: They did look at the impact that that would have.

The Chairperson: It would only probably apply if there was competition between two BIDs. However, that situation is not likely to arise: I do not know whether that is of importance to people.

Mr F McCann: Following on from what Gregory said, some councils have huge out-of-town shopping centres in their areas that make up a sizeable proportion of their rate base. That could skew some of the arguments.

The jury is out on all the proposals. I hope that legislation comes out of this process that allows town centres and villages to grow, because, in many areas, they are the heart of the community and are places where people not only shop but meet and socialise. Out-of-town centres cannot provide that.

I was a member of NILGA a lifetime ago. What appetite is there from your members for BIDs? How will BIDs affect them? I am sorry for missing the start of the presentation; I got caught up. Last week, the issue of one in four shops closing down was raised again. Will BIDs turn that situation around or will they penalise businesses because of the 25% quota? Will they drive out business or assist in bringing new business in? That is about 20 questions in one.

Alderman Hatch: You are true to form, Fra. *[Laughter.]* My gut feeling is that something has to be done with town centres. It is difficult to buck the trend when the housewife wants to do her shopping in a warm and dry environment that has free parking, etc. However, there is potential for businesses in town centres to pull together and do something for the town centres. That is not restricted to retail. The business improvement districts could involve many different businesses, but they need to have a package, including even tourist business.

There are examples from across the water. In Newcastle, there are 12 new pontoons in the city, which businesses have bought into. There is also a bicycle scheme. We are playing about with bicycle schemes in Northern Ireland, but in Brussels, there are free bicycles to encourage cycling. There is no having to find a pound, a cent or a dollar to put into the bike.

There is an opportunity there. Whether it will be taken up is difficult to say, because most family-run businesses in town centres are struggling to survive, and it is difficult to stop major developments outside town centres because there is no land in town centres for major developments. That is the first barrier to growth. Therefore, although, in theory, you would like to produce something that stabilises town centres, it may be difficult.

Mr F McCann: David Hilditch asked the Minister the other day about the effect of the Living Over The Shop (LOTS) scheme on town centres. Do you see it playing a role? Should there be investment from government to kick-start BIDs? Would trying to populate either town centres or city centres have an impact? A great deal has to do with leisure activities and people's social life.

Alderman Hatch: I think that it would. The market will dictate what happens. In some towns, nightlife has improved substantially. It has improved mainly by just learning from other cities. The smoking

ban has helped to encourage people to eat outside, and now you see al fresco dining. A little funding from central government to create a more level playing field would be useful, a bit like the rates initiative that took place for the big shopping centres.

The LOTS scheme has had limited effect in different areas; it depended on what was available. It works where there are a reasonable number of civil servants, or people who work in professions, in the town. It is probably more applicable to places such as Belfast rather than Lurgan or Banbridge, where there are not a lot of professionals who want to socialise in that area. Those people travel to Belfast for their social life, as they are mainly the younger generation, the 18- to 30-year-olds.

Dr Bishop: If I might add to that, from the councils' corporate perspective; local authorities have a role to play, as we all acknowledge. That is certainly the case in the lead-up to the review of public administration (RPA) and community planning. We need to look at how councils can be best positioned to help local communities and the businesses of the future. Take the expansion of local economic development activities. For example, local councils had almost a zero base of local development resources in the early 1990s, but that has increased to a commitment of around £30 million per annum in 2008-09. This has been supplemented very much by European structural funds and other contributions from the rate base. For us, in local government and as councils, support for small towns, villages, regions and businesses is a priority. We are looking proactively at how we can do that and encourage our membership to support those.

Mr Copeland: Arnold and Ken, thank you for your presentation. I am trying to establish whether, in your view, the unforeseen circumstances that lurk behind most legislation have been taken totally into account. I know that you cannot base legislation on what might happen, but there are some scenarios in this that could — well, should probably, in my view — be addressed.

There are several main thoroughfares in east Belfast, as Sammy will know, and the nature of business on those roads has changed dramatically. Along some of them, there is a very high preponderance of vacant shops, second-hand shops and charity shops. They are businesses, but not in the traditional sense. Are you sure that the way in which this scheme plays out could not produce such a pattern? I understand that charity shops have the same net annual value, but pay lower rates because of discounting. You could have such a scenario.

Traditional businesses are already struggling and already frequently ask anyone involved in local government, "What do we get for our rates?" They even have to pay above the rates to get rubbish taken away from their premises. Are you sure that we will not end up with a situation in which they will be required, because of the numbers here, to contribute to the scheme above and beyond the amount that those who are promoting and pushing the scheme will be required to pay? Will it, in effect, place an additional burden on traditional businesses? It is just to make sure that this thing is fair to everyone.

In some areas, as Sammy knows, such as the Newtownards Road and Albertbridge Road, shops open and close every three or four weeks. Indeed, different businesses are sometimes opened by the same people. How will the ongoing imposition of an additional level of taxation — albeit one that I happen to agree with — affect the future letting of those properties? Attached to a property will be this levy, which will be there no matter what business is in the building.

Alderman Hatch: The way I look at the BIDs idea is as follows: if there is not something in it for the majority of the traders and people, it is not going to work. That is why it is important that we look at the 1% levy versus the 2.5% levy. I do not know what the impact of this will be. Like any grouping or partnership, if there is not something in it for all participants, it will not work. It may just be a case of enhancing an area or making it more accessible. It may add to something that is in the centre of Belfast, going up the Newtownards Road or whatever area, to create accessibility and connectivity between areas. What we want to avoid is having more charity shops. Many town centres are now dominated by charity shops because of the rates situation. Maybe we need to look at the rates, and decide whether or not these are charities.

Mr Copeland: Do you eventually see things such footpath-gritting in the winter?

Alderman Hatch: That is a function that some councils would love to have and some would not, depending on the cost. However, if there is more willingness to transfer a reasonable package of functions — such as youth and library services, or local roads, etc, to local government in due course with proper funding — so be it. We are for up for it.

Mr Brady: Thank you for the presentation. I want to ask about Mr Hatch's point that in some town and city centres, there are not enough sites available. I represent Newry and Armagh, and in Newry, there are quite a few sites. There is one, in particular, where flats, which the Department for Social Development owns, were knocked down in the middle of the town. For a number of years, nothing has been done to try to develop that site.

I think that there has to be willingness. I am relatively new to planning, as I came to the Assembly in 2007. However, it seems to me that there is a lack of interdepartmental co-operation in planning, with the Department for Regional Development and all that.

The Committee went to Dublin a few years ago, and visited the dockside development there. We found out that planning permission for hotels and all sorts of things was obtained in 12 weeks. Here, there does not seem to be a concerted effort made to drive that forward. You are a councillor, I have never been one. I do not know whether that is good or bad. However, if councils get planning powers under RPA, do you think that it would improve the situation for the development of BIDs within town and city centres?

Alderman Hatch: It will help planning, and community planning, and that is where we need to have a statutory requirement to bring all the statutory agencies on board so that they are all singing from the same hymn sheet.

I declare an interest in the South Ulster Housing Association. We built a good scheme in Canal Street recently. The other side of the street needs developed as well. It was a laborious two-year process to get planning permission because there was a listed building in the middle of that. All those things come into play. When they transfer the planning process, hopefully it will be a bit more fit for purpose than it is at the minute.

Mr Brady: In my relatively short political life, I have seen two master plans, at least, and have been to very grandiose presentations with Ministers present and the whole lot. However, nothing has happened.

Alderman Hatch: I, too, have seen a lot of master plans and area plans as well.

Mr Brady: Mr McCann has probably seen a lot more than I have. He refers to them as "the warehouse of lost opportunities".

The Chairperson: Let us not go down the philosophical route.

Do any other members want to speak? Arnold and Ken, are you happy enough?

Alderman Hatch: If you have any further questions, please refer them to the NILGA office.

The Chairperson: Thanks very much to NILGA for the presentation.