

Committee for Social Development

Report on the Business Improvement Districts (BIDs) Bill (NIA Bill 9/11-15)

Together with Proceedings of the Committee Relating to the Report

**Ordered by the Committee for Social Development to be printed 13 December 2012
Report: NIA 67/11-15**

Membership and Powers

The Committee for Social Development is a Statutory Departmental Committee established in accordance with paragraphs 8 and 9 of the Belfast Agreement, section 29 of the Northern Ireland Act 1998 and under Standing Order 48.

The Committee has power to:

- consider and advise on Departmental budgets and annual plans in the context of the overall budget allocation;
- consider relevant secondary legislation and take the Committee stage of primary legislation;
- call for persons and papers;
- initiate inquiries and make reports; and
- consider and advise on any matters brought to the Committee by the Minister for Social Development.

The Committee has 11 members including a Chairperson and Deputy Chairperson and a quorum of 5.

The membership of the Committee since 23 May 2011 has been as follows:

Mr Alex Maskey (Chairperson)
 Mr Mickey Brady (Deputy Chairperson)
 Ms Paula Bradley¹
 Ms Pam Brown
 Mr Gregory Campbell²
 Ms Judith Cochrane
 Mr Michael Copeland
 Mr Mark H Durkan
 Mr Fra McCann
 Mr David McClarty
 Mr Sammy Douglas^{3 4}

1 With effect from 20 February 2012 Ms Paula Bradley replaced Mr Gregory Campbell
 2 With effect from 1 October 2012 Mr Gregory Campbell replaced Mr Alex Easton
 3 With effect from 26 March 2012 Mr Alastair Ross replaced Mr Sammy Douglas
 4 With effect from 1 October 2012 Mr Sammy Douglas replaced Mr Alastair Ross

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List of Abbreviations

ATCM	Association of Town Centre Management
BCC	Belfast City Council
BIDs	Business Improvement Districts
BRC	British Retail Consortium
DfP	Department of Finance & Personnel
DSD	Department for Social Development
EU	European Union
GB	Great Britain
IBRF	Inter Bank Rating Forum
LPS	Land and Property Services
NAV	Net Annual Valuation
NI	Northern Ireland
NIIRTA	Northern Ireland Independent Retail Trade Association
NILGA	Northern Ireland Local Government Association
NIRC	Northern Ireland Retail Consortium
RICS	Royal Institute of Chartered Surveyors
RPA	Review of Public Administration
UK	United Kingdom

Executive Summary

The Business Improvement Districts Bill aims to introduce provisions so that business improvement districts are established on a statutory basis.

■ **Enabling Bill and secondary legislation**

The Bill is an enabling Bill with much of the detail of the Business Improvement Districts (BIDs) scheme to be introduced through secondary legislation. While the Committee raised some concerns about this it acknowledged that the specific nature of BID proposals necessitated a significant degree of flexibility to be reflected in the legislation. However, the Committee also requested and received assurances from the Minister that proposed regulations would be widely consulted on and therefore shaped accordingly by stakeholders. The Committee also received assurances that the role and responsibilities of district councils would be unambiguous and transparent. The Committee also noted that a number of the regulations, in the first instance, would be subject to affirmative resolution and therefore subject to a decision of the Assembly. The Minister's response to issues raised by the Committee clarifies a number of points and provides reassurance on certain clauses and is included in Appendix 4.

■ **Levy and prevailing economic conditions**

The Committee also had some concerns about placing a levy on businesses under the current economic conditions. Evidence from key stakeholders such as the Northern Ireland Independent Retail Trade Association (NIIRTA) and the Northern Ireland Retail Consortium (NIRC), as well as from the University of Ulster on the recent Nationwide BIDS Survey, indicated that the return on the levy, either in financial terms or in services provided, was greater than the levy itself. The Committee also recognised that this was a longer term investment, with a minimum of 5 years for a BID term in order to reflect whether the aims of the BID proposal have been achieved.

■ **Mandatory nature of BID**

Some concern was raised about the 'mandatory' nature of BIDs i.e. a business within a BID has no choice but to pay a levy if the BID proposal is supported in a ballot. The Committee did however recognise that the BID proposal would not progress unless supported by the majority of businesses in the BID and unless a minimum turnout of eligible ratepayers entitled to vote (25%) was achieved. Other conditions attached to the ballot are set out in Clause 7 – Approval in ballot. The Committee also acknowledged that clause 8 provided BID proposers with the option to implement alternative, and more stringent, conditions in respect of the ballot.

■ **Funding for BID development**

A key issue raised repeatedly by stakeholders in both written and oral submissions was the need to ensure funding to develop BID proposals. The Committee heard that such funding arrangements are available in GB. The Scottish Government for example provides £20k per BID to develop proposals. Therefore under Clause 3 (Additional contributions and actions) the Committee recommended that the Department provide funding to support the development of BID proposals. In addition, the Committee also recommended that the Department review the work of BID academies so that expertise can be developed here and a BID academy subsequently established in Northern Ireland to share this expertise. The Committee acknowledged the Minister's commitment to examine the support arrangements for BIDs including funding and the work of BIDs academies.

■ **Involvement of residents**

While the BID is by definition business-led, the Committee had concerns about the potential lack of involvement of residents living in areas near to a BID. The Committee acknowledged that the consultation process on the BID proposal was ultimately shaped by the BID proposers but requested assurances that the consultation process would also involve residents. The Committee also believes that residents should be represented on the Board of the BID Company once established. The Minister has stated that the guidance for carrying out the consultation will be explicit about the need to consult with residents where a BID encompasses or is near to a residential area. The Committee recognises that having representatives of residential areas on the BID company board would be a matter for the BID proposer.

■ **Duplication of council services**

The Committee was concerned about the possible duplication of services i.e. those provided in a BID and those already provided by councils. However, the Department and the University of Ulster presentation clarified that the BID proposal aimed to provide added-value, over and above any services provided by councils.

■ **Amendments to the Bill**

The Department agreed to amend clause 19 so that regulations made under clauses 6(3) and 17(2)(b) on the eligibility of ratepayers to vote in ballots are subject to draft affirmative procedure rather than negative resolution.

In addition, the Department notified the Committee during its clause-by-clause scrutiny stage that it would be bringing forward an amendment to make 6(3) to provide greater clarity on the definition of “eligible ratepayer”.

The Committee considered, and was content with the wording of these amendments.

Response of Stakeholders

The legislation has been broadly welcomed by stakeholders and the Committee acknowledged an enthusiasm among stakeholders to progress this Bill as quickly as possible. Clarification was requested by a number of stakeholders mainly on how the provisions would operate and the relationship between councils and businesses but assurances were given by the Department regarding wide and detailed consultation on the secondary legislation which would provide this clarification.

The Committee acknowledged that this Bill does not provide a panacea to the current difficulties faced by the retail industry, as did stakeholders. It does however believe that it has potential to enhance collaborative business opportunities for collective benefit. The Committee looks forward to engaging with stakeholders and the Department on the regulations to ensure that the full potential of the BIDs concept is realised.

Introduction

1. The Business Improvement Districts Bill was referred to the Committee for consideration in accordance with Standing Order 33(1) on completion of the Second Stage of the Bill on 17 September 2012.
2. The Minister made the following statement under section 9 of the Northern Ireland Act 1998:

“In my view the Business Improvement Districts Bill would be within the legislative competence of the Northern Ireland Assembly”
3. In its consultation paper on Business Improvement Districts and Licensing of Pavement Cafes the Department of Social Development referred to a Business Improvement District in the following way:

A Business Improvement District (BID) allows businesses within a defined area to vote for collective investment in specific additional services in order to improve the commercial environment within that area. Additional services or projects are funded by a local business levy and all businesses within a potential BID have the opportunity to vote on proposals before the levy is imposed. Proposals are developed by local business-led partnerships, usually in co-operation with the local council. The BID levy offers a sustainable source of finance to fund additional services or projects required by the local business community.
4. While there is evidence that some businesses may already collaborate on an informal or voluntary basis in the above context, the Bill will introduce provisions to allow for statutory BIDs in Northern Ireland.
5. Similar legislation was introduced in September 2004 enabling BIDs to be set up in England and Wales. BIDs were introduced in Scotland through the Planning Act and the Regulations came into force in 2007. An Act was also passed in the Republic of Ireland in 2007 making provision for BIDs to be established.
6. Central to the Bill is that a district council will be able to define a BID within its council area or in cooperation with a neighbouring council.
7. The Bill also makes provision for procedures in respect of the actual BID proposals, the arrangements relating to the ballot and levy, as well as some miscellaneous issues such as the duration of the BID and regulations making provision about ballots.
8. The Bill contains 5 parts with 22 clauses.

Part 1: BID arrangements

9. This is comprised of clauses 1-4
 - (i). Clause 1 sets out the arrangements relating to business improvement districts in a district council area. It defines, for example, that a BID may comprise areas that are not adjacent to each other; that the purpose of any of the projects within a BID area is for the benefit of the BID or those who live, work or carry on any activity in the district; and that such projects are to be financed by a levy of eligible ratepayers in the BID area.
 - (ii). Clause 2 allows the Department to make provision, through regulations, to enable two or more councils to make BID arrangements.
 - (iii). Clause 3 defines those persons that may make financial contributions or take action that will facilitate the actions specified in the BID arrangements taking place.
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- (iv). Clause 4 simply provides a duty on the district council which made the arrangements to comply with them.

Part 2: Procedure

- 10. This section is comprised of clauses 5-11
 - (i). Clause 5 establishes that BID arrangements will only come into force when they are approved by a ballot. The clause also makes provision for the content required in the BID proposal to be detailed in regulations made by the Department. It also allows the Department to set out in regulations the persons who can draw up BID proposals.
 - (ii). Clause 6 sets out how the entitlement to vote in a BID ballot is to be determined. The power to decide who can vote is ultimately vested in the BID proposers who are responsible for a preparing and submitting to district councils a statement listing those who are entitled to vote. A person will be eligible to vote if he is chargeable to rates in respect of a property on the Net Annual Valuation (NAV) list within the BID area.
 - (iii). Clause 7 sets out the four conditions that must be satisfied before the BIDS proposal can be regarded as being approved by a ballot.
 - (iv). Clause 8 allows those who have drawn up the ballot to set alternative conditions such as higher margins of either net annual values, or numbers of votes cast, or both, before a BID ballot can be taken as approved.
 - (v). Clause 9 confers a right on district councils to veto a BID and also provides that the circumstances under which this can happen can be prescribed by the Department. A veto means that the ballot cannot take place.
 - (vi). Clause 10 allows an eligible ratepayer who was entitled to vote in the BID ballot to appeal to the Department against a district council's decision to veto BID proposals. The Department will be able to make further provision via regulations as to the process behind an appeal.
 - (vii). Clause 11 provides for the BID arrangements to come into force on the day detailed in the BID proposals. It also places a duty on the district council to ensure the BID arrangements commence on the relevant day.

Part 3: BID Levy

- 11. This section is comprised of clauses 12-13
 - (i). Clause 12 establishes that a BID levy can only be raised while the BID arrangements are in force. The Clause also sets out how the BID levy is to be calculated and whether the costs of developing the BID proposals and holding of the ballot are to be recovered through the BID levy.
 - (ii). Clause 13 provides that BID proposals must specify who is liable for payment of the BID levy, how that liability is to be determined and how levy monies are to be paid.

Part 4: Administration etc.

- 12. This section is comprised of clauses 14-15
 - (i). Clause 14 requires a district council to establish a 'BID Revenue Account' and to credit this account with those amounts paid to the council to ensure the BID arrangements are carried out.

- (ii). Clause 15 provides that the Department may make regulations governing the imposition, administration, collection, recovery and application of the BID levy.

Part 5: Miscellaneous

13. This section is comprised of clauses 16-22
 - (i). Clause 16 makes a number of provisions regarding BID arrangements such as the duration of the BID not exceeding 5 years and that the renewal of a BID for one or more years can take place only if this is approved by a ballot.
 - (ii). Clause 17 allows the Department to make regulations governing different aspects of the ballot process.
 - (iii). Clause 18 allows the Department to make consequential and transitional provisions where necessary.
 - (iv). Clause 19 provides that any regulations made in the Bill are subject to the negative resolution procedures in the Assembly, other than the regulations listed under Clause 19 subsection 3. Subsection 2 of the Clause provides that these regulations (under parts of clauses 2, 5, 9 and 18 of the Bill) shall not be made unless draft regulations have been laid before, and approved by a resolution of, the Assembly.
 - (v). Clause 20 provides that the Bill applies to the Crown.
 - (vi). Clause 21 provides definition of terms used in the Bill.
 - (vii). Clause 22 provides that the new legislation shall be known as the Business Improvement Districts Act (Northern Ireland) 2012.
14. The Committee wrote to key stakeholders on 9 July 2012. In July 2012 advertisements were inserted in the Belfast Telegraph, News Letter and Irish News seeking written evidence on the Bill.
15. During the period covered by this report, the Committee considered the Bill and related issues at its meetings – on 28th June 2012, 4th and 11th October 2012, 28th and 29th November and 4th, 6th, and 13th December 2012. The relevant extracts from the Minutes of Proceedings for these meetings are included at Appendix 1.
16. The Committee had before it the Business Improvement Districts Bill (NIA 9/11-15); the Explanatory and Financial Memorandum and the Delegated Powers Memorandum that accompanied the Bill.
17. On the 28th June 2012, prior to the introduction of the Bill, the Committee took oral evidence from Departmental officials on the purpose and main provisions of the Bill.
18. During the formal Committee Stage the Committee also took oral evidence from the Northern Ireland Retail Consortium, the Northern Ireland Independent Retail Trade Association, the Northern Ireland Local Government Association and the University of Ulster. The Minutes of Evidence for these meetings can be found in Appendix 2.
19. A total of 16 organisations responded to the request for written evidence and a copy of the submissions received by the Committee is included at Appendix 3.
20. The Department has provided a number of written responses to Committee requests for further information. Correspondence between the Committee and the Department can be found in Appendix 4.
21. The Committee began and concluded its clause-by-clause scrutiny of the Bill on 4th December 2012.

Extension of Committee Stage of the Bill

22. On 8 October 2012, the Assembly agreed to extend the Committee Stage of the Bill to 13 December 2012.

Report on the Business Improvement Districts Bill

23. At its meeting on 13 December 2012, the Committee agreed its report on the Bill and agreed that it should be printed.

Consideration of the Bill

24. On 28 June 2012, prior to the introduction of the Bill, the Committee took oral evidence from Department officials on the purpose and main provisions of the Bill – see Appendix 2.

Evidence from Northern Ireland Retail Consortium (NIRC)

25. On 4 October 2012, the Committee took oral evidence from the Northern Ireland Retail Consortium (NIRC) – see Appendix 2. NIRC welcomed the introduction of the Bill and urged the Minister to expedite the secondary legislation required to enact the many provisions in the Bill. Evidence from NIRC may be summarised as follows:

(i). Operation of BIDs in England, Scotland, Wales and Ireland.

NIRC provided an overview of how similar legislation is currently operating in England, Scotland, Wales and Ireland and the positive impact on the areas in which BIDs currently operate.

(ii). Mandatory Nature of BIDs

NIRC also responded to Members' concerns about the 'mandatory' nature of BIDs by referring to the requirement for BIDs proposals to be approved in a ballot where at least 25% of the eligible ratepayers entitled to vote have done so. NIRC considers this is a democratic approach which provides a safeguard mechanism to ensure that stakeholders have confidence in the BID.

(iii). Engagement of small retailers

NIRC acknowledged the concerns of a number of Members that small independent businesses that are already struggling in a difficult economic climate will be required to contribute to a BID which has been approved in a ballot. However, it was pointed out that sharing resources with larger retailers (as part of a BID) could be of huge benefit to smaller retailers and good practice guidance drafted by the British Retail Consortium and the Federation of Small Businesses is already available to avoid this situation.

(iv). Funding for BIDs

NIRC indicated that it would welcome any additional seed funding from either the Department for Social Development or Local Authorities to facilitate the setting up of BIDs and enable Northern Ireland to catch up with England, Scotland, Wales and Ireland.

(v). BIDs Levy

NIRC indicated that it would find 1% of rateable net annual value to be an acceptable levy rate for a Business Improvement District. NIRC provided examples of the additional services that have been provided for by levies generated by BIDs in England, Scotland and Ireland. NIRC suggested that in line with its guidance, operational costs should be less than 20% and be transparent.

Evidence from the Northern Ireland Local Government Association (NILGA)

26. On the 11 October 2012, the Committee took oral evidence from NILGA – see Appendix 2. NILGA broadly welcomed the introduction of the Bill but expressed concern about the 'high level' nature of the Bill and suggested clarification was required on a number of issues. Evidence from NILGA may be summarised as follows:

(i) Potential of BIDS

NILGA recognised the potential of BIDs to reinvigorate town centres particularly in the current difficult trading environment.

(ii). Further consultation

NILGA broadly welcomed the procedures for preparing and agreeing BIDs proposals but stressed that detailed discussions and a close working relationship between NILGA, local councils and the business community will be required to underpin the BIDs process to ensure that BIDs are fit for purpose.

(iii). Mandatory nature of BIDs

NILGA was in agreement with the conditions detailed in Clause 7 of the Bill for approval in ballot of BIDs proposal. It considered that the 25% minimum turnout criteria was fair and realistic.

(iv). Veto

NILGA stressed the importance of ensuring that the right of veto on BIDs proposals conferred on district councils is transparent and the conditions for the veto should be drawn up by DSD.

(vi). BIDs Levy

NILGA had a number of concerns in respect of the council's assigned role in collecting and administering the BID levy. These are:

- the clauses in respect of the BID levy are too restrictive and do not reflect the flexibility and ability to adapt to local needs that is apparent in other clauses.
- the recommendation for the BID levy to be set at up to and including 1% may discriminate against smaller locations, which is an issue of particular concern in Northern Ireland.
- more discussion with local councils was required on Clause 13 Liability and Accounting for BID Levy.
- councils should have the flexibility to transfer the accounting and liability for the BID levy to the local legal entity. It was considered that this would facilitate the notion that the council is a key partner and not the enforcer of the BIDs. NILGA did however accept that in many smaller towns in Northern Ireland, the council will need to assume this role.

Evidence from the Northern Ireland Independent Retail Trade Association (NIIRTA)

27. On the 11 October 2012, the Committee took oral evidence from NIIRTA– see Appendix 2. NIIRTA considered that it was essential that the BIDs legislation was passed as a matter of urgency. NIIRTA expressed its support for the Department's decision to proceed with option 2 in the consultation document as the preferred option i.e. develop legislation which would enable the introduction of statutory BIDs and provide a framework for regulation.

Evidence from the NIIRTA may be summarised as follows:

(i). Operation of BIDs in England, Scotland, Wales and Ireland

NIIRTA provided an overview of how the provisions in the existing BIDs legislation in England, Scotland and Wales was informed by the experiences and challenges faced by businesses. It recognised that although BIDs are not a panacea they have been very beneficial with a 90% renewal rate despite the challenging economic circumstances faced by many businesses.

(ii). Departmental support

NIIRTA acknowledged that BIDs do require a lot of support in their infancy and called upon the Department to invest in a BIDs Academy for all potential participants to learn from past experience and to reduce time and energy on inappropriate proposals.

NIIRTA also called upon the Department to fund the early start-up costs of BIDs partnerships to facilitate their growth and outlined the various sources of funding and sources of revenue generation currently being accessed by BIDs in England, Scotland and Wales.

(iii). Mandatory Nature of BIDs

NIIRTA expressed its support for the Department's decision to proceed with the introduction of statutory BIDs and provide a framework for regulation. This would allow for flexible legislation with questions such as the rate of the levy and the relative contributions of different businesses left to local discretion while providing a framework of advice and guidance.

(iv). Problems with restrictive primary legislation

NIIRTA highlighted the problems that Ireland has experienced as a result of the restrictive nature of its framework legislation which has stifled the growth of BIDs.

(v). Approval in ballot

NIIRTA welcomed the introduction of the 25% minimum turnout criteria which is absent from the existing legislation in England, Scotland and Wales.

(vi). BID Levy

NIIRTA acknowledged the issues of a mandatory levy for many smaller retailers in the current difficult trading circumstances but highlighted the problem of many larger retailers who do not contribute to business improvements but continue to enjoy the benefits of services paid for by many of the small-medium sized independent retailers.

NIIRTA also stressed that the proposed legislation (Clause 12) does allow for a BID levy to be different for different classes of ratepayer, which means that exemptions from the BID levy would be permitted.

NIIRTA underscored the importance of balancing the cost of administering BIDs versus the business benefits that they deliver if they are to be successful.

Evidence from the University of Ulster

28. On 28 November 2012, the Committee took oral evidence from the University of Ulster – See Appendix 2. The University provided the Committee with a general overview of the BID concept including the potential benefits of and challenges to BIDs, the typical BID proposal content and a summary of the findings of the Nationwide BIDs Survey 2012. The University also provided a summary of the potential policy implications for Northern Ireland. A copy of the presentation can be found in Appendix 3

(i). Benefits of and challenges to BIDs

The University outlined how BIDs was a concept that was underpinned by a collective business-led approach that had a shared vision and objectives. Its aim is to build leadership and help competitiveness and ultimately increase the footfall of people who come to a town or city. This could be achieved by creating a more attractive public realm and/or by enhancing service standards over and above those delivered by the local council.

The Committee heard how the key challenges were getting a BID established in the first place, which is recognised as taking up to two years from concept to implementation. Key to this is the cost and resources needed in the development process. Fundamental to its success is that businesses in the proposed BID, which will be required to pay the levy, must support the BID proposal.

Another key element is the requirement for a baseline agreement between a local authority and a BID to make sure that services that are already provided by the local council are not being duplicated i.e. there is added value to the provided services.

(ii). Nationwide Survey

As of April 2012 there were 129 BIDs throughout the UK and RoI, although only two of these were in the RoI. Currently there are around 140 BIDs with most of these being in town centres.

The majority of these BIDs have base levy rates of less than 2% and the typical number of businesses (hereditaments) involved in a BID varies between 300 and 600.

The survey indicates that the BID leverages additional income of, on average, £169k and that the amount 'leveraged' from each 'levy' pound increases significantly from the first time BID (£0.09) to a renewed BID (£0.34). It is evident that a BID is a longer term investment project i.e. 5 years or more (once renewed).

(iii). Policy Implications

There is evidence to suggest that BIDs are beginning to take on new additional income and investment co-ordinatory roles.

BIDs are likely to become a crucial conduit for sourcing additional town/city centre funding given their increasing track record and experience.

The cumulative income and investment potential of BIDs becomes more significant the longer the BID operates and therefore their regeneration benefits should be valued over the long-term.

BID renewal figures show evidence of BID popularity, but appropriate turn-out percentages are important for both acceptability and creditability purposes.

There is a need for future research to focus on establishing the counterfactual position of BIDs and determining their real additionality including consideration of displacement, deadweight and leakage.

Clause-by-Clause Scrutiny of Bill

29. The Committee undertook its formal clause-by-clause scrutiny of the Business Improvement Districts Bill on 4 December 2012.

The Committee had sought assurances and further clarification from the Minister on a number of issues. The Minister's response is included at Appendix 4.

Clause 1: Arrangements with respect to business improvement districts

30. The Committee recognised the broad support for this clause but asked the Minister to provide reassurance that the role and responsibility of the district council is made clear and unambiguous in the Regulations.

The Committee noted the Department's reassurance that the Regulations will clearly set out the roles and responsibilities of the district council is made clear and unambiguous in the Regulations.

The Committee agreed that it was content with Clause 1 as drafted.

Clause 2: Joint arrangements

31. The Committee considered a range of comments by stakeholders and noted that this clause has been broadly welcomed.

The Committee sought clarification from the Department on the arrangements for BIDs that may have already been established in different council areas should RPA then subsequently be implemented, resulting in councils merging.

The Committee noted the Department's clarification that there will be no impact on any established BIDs as a result of the Review of Public Administration (RPA).

The Committee agreed that it was content with Clause 2 as drafted.

Clause 3: Additional contributions and action

32. The Committee considered a number of comments from stakeholders calling for funding to be provided for the establishment of BIDs.

The Committee strongly recommended that the Department establishes a fund to support the development of BIDs proposals as is the case in Scotland and England.

The Committee also recommended that the Department reviews the work of BIDs academies and how they contribute to the development of BIDs expertise to provide support to the development of BIDs with a view to helping establish such an academy here.

The Committee noted the Minister's response that he is committed to examining the support arrangements, including funding and BIDs Academies, in other jurisdictions, before deciding on the arrangements here.

The Committee agreed that it was content with Clause 3 as drafted.

Clause 4: Duty to comply with arrangements

33. The Committee sought assurances from the Minister that the Regulations are transparent and unambiguous.

The Committee noted the Department's reassurance that the Regulations will be transparent and unambiguous and that the draft Regulations will be subject to full public consultation.

The Committee agreed that it was content with Clause 4 as drafted.

Clause 5: BID proposals

34. While the Committee recognised BIDs are business-led initiatives, the Committee was of the view that residents living within or near a BID should be consulted as part of the consultation process on the BID proposal and sought assurances from the Department that this would be the case.

The Committee noted the Department's assurance that its guidance will include the need to engage with local residents/communities as part of the consultation process, particularly in cases where the BID area encompasses a large residential community.

The Committee agreed that it was content with Clause 5 as drafted.

Clause 6: Entitlement to vote in ballot

35. While the Committee recognised that entitlement to vote is restricted to non-domestic rate-payers the Committee advocated the inclusion of residents of a neighbouring residential area on the BID company board.

The Committee noted the Department's acknowledgement that it might be useful to include a representative on such a board if there is large community organisation active in the area but that this would be a matter for the BID proposer to decide.

The Committee also noted the Department's intention to amend Clause 6(3) to further clarify the position on exemptions.

The Committee agreed that it was content with Clause 6 subject to amendment to clause 6(3) as proposed by the Department.

Further to its clause-by-clause scrutiny the Committee considered and agreed the following wording of the amendment:

Clause 6, Page 3, Line 1

Leave out subsection (3) and insert-

'(3) In this Act "eligible ratepayer" means a person who on the prescribed date occupies or is entitled to possession of relevant property, whether or not rates are payable by that person in respect of it'

Clause 7: Approval in ballot

36. The Committee agreed that it was content with Clause 7 as drafted.

Clause 8: Approval in ballot – alternative conditions

37. The Committee agreed that it was content with Clause 8 as drafted.

Clause 9: Power of veto

38. The Committee sought assurances from the Department that the ‘prescribed circumstances’ referred to in this clause are unambiguous particularly given that Clause 10 relates to an appeal against the veto.

The Committee noted the Department’s reassurance that that the Regulations will make clear the circumstances in which local council may veto a BID proposal.

The Committee agreed that it was content with Clause 9 as drafted.

Clause 10: Appeal against veto

39. The Committee sought assurances from the Department that the consultation process will be detailed and the Regulations transparent and unambiguous.

The Committee noted the Department’s reassurance that the draft Regulations will be subject to full public consultation and that the Regulations will be transparent and unambiguous, while still seeking to retain flexibility.

The Committee agreed that it was content with Clause 10 as drafted.

Clause 11: Commencement of BID arrangements

40. The Committee noted that, based on written responses to its call for evidence, councils/ NILGA have the view that it should be the BIDs company that has responsibility to ensure that the BID arrangements, which give effect to the proposals, are made by the time the arrangements are to come into force.

The Committee sought further clarification on the implications of the BID company assuming this role and why it is councils that have responsibility for this in the Bill.

The Committee noted the Department’s clarification that it is the council’s responsibility to ensure that the BID arrangements commence by arranging for the bills for the BID levy to be issued. As a BID levy is considered to be tax, only government has the authority collect it so the BID company cannot do this.

The Committee agreed that it was content with Clause 11 as drafted.

Clause 12: Imposition and amount of BID levy

41. Clause 12(5) currently reads that BID proposals ‘must include a statement of whether any of the costs incurred in developing the BID proposals, or holding of the ballot are to be recovered through BID levy’. One member argued that it would be preferred if BID proposals ‘must detail the costs incurred in developing the BID proposal, holding the ballot and delivering the BID proposals and what costs are to be recovered from the BID levy.’

The Committee agreed that it was content with Clause 12 as drafted.

Clause 13: Liability and accounting for BID levy

42. During its consideration of this clause, the Committee questioned why the responsibility of a BID levy must reside with the council and sought further clarification from the Department on this.

One Member asked if the Bill should be revised to reflect collection from the Land and Property Services.

The Committee noted the Department's clarification that only government has the power to collect taxes and since the council is obliged by legislation to set up a ring-fenced BID Revenue Account, it makes sense for the BID levy monies to be paid directly to that account.

The Committee agreed that it was content with Clause 13 as drafted.

Clause 14: BID Revenue Account

43. The Committee agreed that it was content with Clause 14 as drafted.

Clause 15: Administration of BID levy etc.

44. The Committee agreed that it was content with Clause 15 as drafted.

Clause 16: Duration of BID arrangements etc.

45. The Committee agreed that it was content with Clause 16 as drafted.

Clause 17: Regulations about ballots

46. The Committee agreed that it was content with Clause 17 as drafted.

Clause 18: Power to make further provision

47. The Committee sought clarification from the Department on whether any provisions made under this clause will be consulted on.

The Committee noted the Department's clarification that it will depend on the nature of the provision and that minor consequential or technical amendments would not be consulted on but major amendments such as changing statutory provision in the Bill would be.

The Committee agreed that it was content with Clause 18 as drafted.

Clause 19: Further provision as to Regulations

48. The Committee considered comments from stakeholders calling on the Regulations to be as flexible as possible to allow BIDs to be specific to their local area. The Committee noted that the Department has indicated that this will be the case.

The Committee also considered advice from the Examiner of Statutory Rules on the delegated powers as set out in the Bill. The Examiner suggested that the Committee may wish to consider that clause 19 should be amended so that Regulations made under clauses 6(3) and 17(2)(b) on the eligibility of ratepayers to vote in ballots are subject to draft affirmative procedure rather than negative resolution.

The Department confirmed that it was content to amend this clause in line with the recommendations of the Examiner of Statutory Rules.

The Committee agreed that it was content with Clause 19 subject to amendment as recommended by the Examiner of Statutory Rules.

Further to its clause-by-clause scrutiny the Committee considered and agreed the following wording of the amendments:

Clause 19, Page 7, Line 26

At end insert –

() section 6(3)

And

Clause 19, Page 7, Line 27

At end insert –

() section 17(2)(b)

Clause 20: Crown application

49. The Committee agreed that it was content with Clause 20 as drafted.

Clause 21: Interpretation

50. The Committee agreed that it was content with Clause 21 as drafted.

Clause 22: Short title

51. The Committee agreed that it was content with Clause 22 as drafted.

Long Title

52. The Committee agreed that it was content with the long title of the Bill.

Delegated Powers

53. The Committee considered the delegated powers associated with the Bill and noted the findings of the Examiner of Statutory Rules.

As indicated above, the Committee agreed that Clause 19 should be amended in line with the recommendations of the Examiner of Statutory Rules. Otherwise, the Committee was content with the delegated powers as set out in the Bill.

Report on Business Improvement Districts Bill

54. At its meeting of 13 December 2012, the Committee agreed its report on the Bill and agreed that it should be printed.



Northern Ireland
Assembly

Appendix 1

Minutes of Proceedings Relating to the Report

Thursday 28 June 2012

Room 29, Parliament Buildings

Present: Mr Mickey Brady MLA (Deputy Chairperson)
Ms Paula Bradley MLA
Ms Pam Brown MLA
Ms Judith Cochrane MLA
Mr Mark H Durkan MLA
Mr Alex Easton MLA
Mr Fra McCann MLA
Mr David McClarty MLA
Mr Alastair Ross MLA

In Attendance: Dr Kevin Pelan (Assembly Clerk)
Mr Stewart Kennedy (Assistant Assembly Clerk)
Mr Neil Sedgewick (Clerical Supervisor)
Ms Allison Ferguson (Clerical Officer)

Apologies: Mr Alex Maskey MLA (Chairperson)
Mr Michael Copeland MLA

9.43 am The meeting began in public session

6. Business Improvement Districts – Departmental Briefing

10:10 am The following Department officials joined the meeting:

- Mr Henry McArdle, DSD;
- Mr Anthony McDaid; DSD; and
- Ms Gail Cheesman, DSD

The officials briefed the Committee on the Business Improvement Districts Bill. This was followed by a question and answer session.

Members questioned officials on operational issues relating to the establishment and function of a BID. Members were particularly interested in provisions to opt out of such a scheme and the requirements of a voluntary scheme versus a mandatory scheme.

A number of Members noted that it would be beneficial to visit a BID to get a better understanding of how it operates and the advantages to being a member of a BID.

Ms Paula Bradley declared an interest as a business owner.

The briefing session was recorded by Hansard.

The deputy Chairperson thanked the officials for their briefing.

10:39 am The officials left the meeting.

Agreed: The Committee agreed to proceed with a call for evidence on the Bill over the summer recess period. The Committee also agreed a draft public notice calling for evidence.

[EXTRACT]

Thursday 4 October 2012

Room 29, Parliament Buildings

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

In Attendance: Dr Kevin Pelan (Assembly Clerk)
Mr Stewart Kennedy (Assistant Assembly Clerk)
Ms Claire McCanny (Assistant Assembly Clerk)
Mr Neil Sedgewick (Clerical Supervisor)
Ms Allison Ferguson (Clerical Officer)

Apologies: Mr Sammy Douglas MLA

10:09am The meeting began in public session.

5. **Business Improvement Districts (BIDs) – Briefing by the NI Retail Consortium (NIRC)**

10:22am The following representative from the NIRC joined the meeting:

Mr Aodhán Connolly, Director NIRC

Mr Connolly briefed the Committee on the Business Improvement Districts Bill. This was followed by a question and answer session.

The briefing was recorded by Hansard.

The Chairperson thanked Mr Connolly for his attendance.

Agreed: The Committee agreed to write to NIRC and ask for the following:

- given that the BIDs levy is based on the rateable value, what will happen if the rateable values are changed in the near future;
- confirmation whether the Irish BIDs framework is similar to that in the UK;
- examples of BIDs that worked well in areas where there is a high rate of charity shops and a high vacancy rate;
- an objective assessment of UK towns comparable in size to towns in Northern Ireland where BIDs have worked and where they have been no BIDs in place;
- confirmation on the number of town centre BIDs in UK and Ireland; and
- examples of where BIDs have not succeeded and why.

The Committee returned to its discussion on the scheduled visit to Scotland.

11:19am Mr Aodhán Connolly left the meeting.

11:19am Mr Fra McCann left the meeting.

Agreed: The Committee agreed to cancel the visit to Scotland on 16 and 17 October.

[EXTRACT]

Thursday 11 October 2012

Room 29, Parliament Buildings

Present: Mr Alex Maskey MLA (Chairperson)
Mr Mickey Brady MLA (Deputy Chairperson)
Ms Paula Bradley MLA
Ms Pam Brown MLA
Mr Gregory Campbell MLA
Ms Judith Cochrane MLA
Mr Michael Copeland MLA
Mr Sammy Douglas MLA
Mr Mark H Durkan MLA
Mr Fra McCann MLA
Mr David McClarty MLA

In Attendance: Dr Kevin Pelan (Assembly Clerk)
Mr Stewart Kennedy (Assistant Assembly Clerk)
Ms Claire McCanny (Assistant Assembly Clerk)
Mr Neil Sedgewick (Clerical Supervisor)
Ms Allison Ferguson (Clerical Officer)

Apologies: None

10:07am The meeting began in public session.

4. **Business Improvement Districts – Briefing by the NI Local Government Association (NILGA)**

10:11am The following representatives from the NILGA joined the meeting:

- Alderman Arnold Hatch, Vice President of NILGA
- Dr Ken Bishop, Head of Programmes, Investment and Partnerships

10.11am Mr Mark H Durkan joined the meeting.

The representatives briefed the Committee on the Business Improvement Districts Bill. NILGA broadly welcomed the introduction of the Bill but expressed concern about the ‘high level’ nature of the Bill and recommended that a number of specific issues would be better dealt with in the Bill rather than under secondary legislation.

This briefing was followed by a question and answer session.

This session was recorded by Hansard.

The Chairperson thanked the representatives for their attendance.

10.39am The representatives left the meeting.

5. **Business Improvement Districts (BIDs) – Briefing by the NI Independent Retail Association (NIIRTA)**

10:40am The Chairperson welcomed the following representatives from NIIRTA:

- Mr Glyn Roberts, NIIRTA Chief Executive;
- Ms Jacquie Reilly, Association of Town Centre Management;
- Mr Stephen Dunlop, Chairman Association of Town Centre Management; and
- Mr Andrew Irvine, Belfast City Centre Manager

The representatives briefed the Committee on the Business Improvement Districts Bill. NIIRTA considered that it was essential that the BIDs legislation was passed as a matter of urgency. NIIRTA expressed its support for the Department's decision to proceed with option 2 as the preferred option

The briefing was followed by a question and answer session.

11.12am Mr Sammy Douglas left the meeting.

11.17am Ms Paula Bradley left the meeting.

11.19am Mr Michael Copeland left the meeting.

11.31am Mr Michael Copeland re-joined the meeting.

This session was recorded by Hansard.

The Chairperson thanked the representatives for their attendance.

11.38am The representatives left the meeting.

[EXTRACT]

Wednesday 28 November 2012

Room 144, Parliament Buildings

Present: Mr Alex Maskey MLA (Chairperson)
Mr Mickey Brady MLA (Deputy Chairperson)
Ms Paula Bradley MLA
Ms Pam Brown MLA
Mr Gregory Campbell MLA
Mr Michael Copeland MLA
Mr Sammy Douglas MLA
Mr Mark H Durkan MLA
Mr Fra McCann MLA
Mr David McClarty MLA

In Attendance: Dr Kevin Pelan (Assembly Clerk)
Ms Patricia Casey (Bill Clerk)
Mr Stewart Kennedy (Assistant Assembly Clerk)
Mr Neil Sedgewick (Clerical Supervisor)
Ms Allison Ferguson (Clerical Officer)

Apologies: Ms Judith Cochrane MLA

9.43am The meeting began in public session.

3. **Business Improvement Districts – Briefing by the University of Ulster**

9.50am The following representatives from the University of Ulster joined the meeting:

Professor Stanley McGreal, Professor in Property Research and Director of the Built Environment Research Institute;

Professor Jim Berry, Professor in Planning and Real Estate; and

Dr Lesley Hemphill, Lecturer in Property and Sustainability.

9.52am Mr Gregory Campbell joined the meeting

The representatives briefed the Committee on the findings of the Nationwide BIDs Survey 2012.

10.04am Mr Sammy Douglas joined the meeting

10.19am Mr Michael Copeland joined the meeting

10.31am Mr Mickey Brady and Ms Pam Brown left the meeting

A detailed discussion followed which covered a range of issues including; the flexibility of the legislation in order to allow BID proposals to address specific local circumstances; if there are any identifiable criteria for businesses to be given a discount or be excluded from the levy altogether; how additional funding in other jurisdictions has contributed to the success of a BID; and clarification on the added value services that a BID could bring, over and above those already provided by the local council.

11.02am Mr David McClarty left the meeting

11.05am Mr Mickey Brady re-joined the meeting

This session was recorded by Hansard.

The Chairperson thanked the representatives for their attendance at the meeting.

11.10am The representatives left the meeting.

11.12am Ms Paula Bradley, Mr Michael Copeland and Mr Mark H Durkan left the meeting.

11.12am The Chairperson suspended the meeting.

13.38pm The Committee reconvened.

13.38pm Ms Pam Brown re-joined the meeting.

4. Business Improvement Districts Bill

13.38pm The following Departmental officials joined the meeting

Mr Henry McArdle, DSD;

Mr Antony McDaid; and

Ms Gail Cheesman

The Departmental officials provided the Committee with a brief overview of the provisions of the Bill.

13.43pm Mr Mark H Durkan re-joined the meeting.

The Committee continued its deliberation of the Business Improvement Districts Bill.

This session was recorded by Hansard.

[EXTRACT]

Thursday 29 November 2012

Room 29, Parliament Buildings

Present: Mr Alex Maskey MLA (Chairperson)
Mr Mickey Brady MLA (Deputy Chairperson)
Ms Paula Bradley MLA
Ms Pam Brown MLA
Mr Sammy Douglas MLA
Mr Mark H Durkan MLA
Mr Gregory Campbell MLA
Mr Fra McCann MLA
Mr David McClarty MLA

In Attendance: Dr Kevin Pelan (Assembly Clerk)
Ms Patricia Casey (Bill Clerk)
Mr Stewart Kennedy (Assistant Assembly Clerk)
Mr Neil Sedgewick (Clerical Supervisor)
Ms Allison Ferguson (Clerical Officer)

Apologies: Ms Judith Cochrane MLA
Mr Michael Copeland MLA

10.08am The meeting was declared open to the public.

10.08pm The following Departmental officials joined the meeting

Mr Henry McArdle, DSD;

Mr Antony McDaid; and

Ms Gail Cheesman

6. Business Improvement Districts Bill

The Committee continued its deliberation of the Business Improvement Districts Bill. Members discussed several key areas of the Bill and considered the possible ways forward in dealing with the outstanding issues.

10.22am Mr Gregory Campbell joined the meeting

10.39am Ms Paula Bradley joined the meeting

10.41am Mr Mickey Brady left the meeting

Agreed: The Committee agreed to write to the Department outlining its current position on the Bill and seeking an urgent response so that the Committee can begin the clause-by-clause scrutiny of the Bill on Tuesday 4 December.

During its deliberation, Members discussed which Department would be responsible for restoring the public realm to its original form, if it is subject to works by a utility company.

Agreed: The Committee agreed to write to the appropriate Department to seek clarification on the legislation.

This session was recorded by Hansard.

The Chairperson thanked the Departmental officials for their attendance at the meeting.

11.03am The Departmental officials left the meeting

[EXTRACT]

Tuesday 4 December 2012

Room 29, Parliament Buildings

Present: Mr Alex Maskey MLA (Chairperson)
Mr Mickey Brady MLA (Deputy Chairperson)
Ms Paula Bradley MLA
Ms Pam Brown MLA
Ms Judith Cochrane MLA
Mr Michael Copeland MLA
Mr Sammy Douglas MLA
Mr Gregory Campbell MLA
Mr Fra McCann MLA
Mr David McClarty MLA

In Attendance: Dr Kevin Pelan (Assembly Clerk)
Ms Patricia Casey (Bill Clerk)
Mr Stewart Kennedy (Assistant Assembly Clerk)
Mr Neil Sedgewick (Clerical Supervisor)
Ms Allison Ferguson (Clerical Officer)

Apologies: Mr Mark H Durkan MLA

10.03am The meeting was declared open to the public.

10.03pm The following Departmental officials joined the meeting.

- Mr Henry McArdle,
- Mr Antony McDaid; and
- Ms Gail Cheesman

2. Business Improvement Districts Bill Clause by Clause Scrutiny

The Committee considered correspondence from the Minister which provided clarification and reassurance on a number of issues.

The Committee undertook its clause by clause scrutiny of the Welfare Reform Bill.

Clause 1

The Committee noted the Department's reassurance that the Regulations will clearly set out the roles and responsibilities of the district council is made clear and unambiguous in the Regulations.

Question put and agreed:

"That the Committee accepts Clause 1 as drafted".

Clause 2

The Committee noted the Department's clarification that there will be no impact on any established BIDs as a result of RPA.

Question put and agreed:

"That the Committee accepts Clause 2 as drafted".

Clause 3

The Committee noted the Minister's response that he is committed to examining the support arrangements, including funding and BIDs Academies, in other jurisdictions, before deciding on the arrangements here.

Question put and agreed:

"That the Committee accepts Clause 3 as drafted".

Clause 4

The Committee noted the Department's reassurance that the Regulations will be transparent and unambiguous and that the draft Regulations will be subject to full public consultation.

Question put and agreed:

"That the Committee accepts Clause 4 as drafted".

Clause 5

The Committee noted the Department's assurance that its guidance will include the need to engage with local residents/communities as part of the consultation process, particularly in cases where the BID area encompasses a large residential community.

Question put and agreed:

"That the Committee accepts Clause 5 as drafted".

Clause 6

The Committee noted the Department's acknowledgement that it might be useful to include a representative on such a board if there is large community organisation active in the area but that this would be a matter for the BID proposer to decide.

The Committee also noted the Department's intention to amend Clause 6(3) to further clarify the position on exemptions.

Question put and agreed:

"The Committee accepts Clause 6 subject to amendment to clause 6(3) as proposed by the Department.

Clause 7

Question put and agreed:

"That the Committee accepts Clause 7 as drafted".

Clause 8

Question put and agreed:

"That the Committee accepts Clause 8 as drafted".

Clause 9

The Committee noted the Department's reassurance that that the Regulations will make clear the circumstances in which local council may veto a BID proposal.

Question put and agreed:

"That the Committee accepts Clause 9 as drafted".

Clause 10

The Committee noted the Department's reassurance that the draft Regulations will be subject to full public consultation and that the Regulations will be transparent and unambiguous, while still seeking to retain flexibility.

Question put and agreed:

"That the Committee accepts Clause 10 as drafted".

Clause 11

The Committee noted the Department's clarification that it is the council's responsibility to ensure that the BID arrangements commence by arranging for the bills for the BID levy to be issued. As a BID levy is considered to be tax, only government has the authority collect it so the BID company cannot do this.

Question put and agreed:

"That the Committee accepts Clause 11 as drafted".

Clause 12

One member argued that it would be preferable if BID proposals 'must detail the costs incurred in developing the BID proposal, holding the ballot and delivering the BID proposals and what costs are to be recovered from the BID levy.'

Question put and agreed:

"That the Committee accepts Clause 12 as drafted".

Clause 13

One Member asked if the Bill should be revised to reflect collection from the Land and Property Services.

The Committee noted the Department's clarification that only government has the power to collect taxes and since the council is obliged by legislation to set up a ring-fenced BID Revenue Account, it makes sense for the BID levy monies to be paid directly to that account.

Question put and agreed:

"That the Committee accepts Clause 13 as drafted".

Clause 14

Question put and agreed:

"That the Committee accepts Clause 14 as drafted".

Clause 15

Question put and agreed:

"That the Committee accepts Clause 15 as drafted".

Clause 16

Question put and agreed:

"That the Committee accepts Clause 16 as drafted".

Clause 17

Question put and agreed:

“That the Committee accepts Clause 17 as drafted”.

Clause 18

The Committee noted the Department’s clarification that it will depend on the nature of the provision and that minor consequential or technical amendments would not be consulted on but major amendments such as changing statutory provision in the Bill would be.

Question put and agreed:

“That the Committee accepts Clause 18 as drafted”.

Clause 19

The Committee considered advice from the Examiner of Statutory Rules on the delegated powers as set out in the Bill. The Examiner suggested that the Committee may wish to consider that clause 19 should be amended so that Regulations made under clauses 6(3) and 17(2)(b) on the eligibility of ratepayers to vote in ballots are subject to draft affirmative procedure rather than negative resolution.

The Department confirmed that it was content to amend this clause in line with the recommendations of the Examiner of Statutory Rules.

Question put and agreed:

“That the Committee accepts clause 19 subject to amendment as recommended by the Examiner of Statutory Rules”.

Clause 20

Question put and agreed:

“That the Committee accepts Clause 20 as drafted”.

Clause 21

Question put and agreed:

“That the Committee accepts Clause 21 as drafted”.

Clause 22

Question put and agreed:

“That the Committee accepts Clause 22 as drafted”.

Long Title

The Committee was content with the long title of the Bill.

The Chairperson advised the Committee that its formal clause by clause scrutiny was complete and that the Committee would consider the draft report at its next meeting.

[EXTRACT]

Thursday 6 December 2012

Room 29, Parliament Buildings

Present: Mr Mickey Brady MLA (Deputy Chairperson)
Ms Paula Bradley MLA
Ms Pam Brown MLA
Mr Sammy Douglas MLA
Mr Mark H Durkan MLA
Mr Gregory Campbell MLA
Mr David McClarty MLA

In Attendance: Dr Kevin Pelan (Assembly Clerk)
Mr Stewart Kennedy (Assistant Assembly Clerk)
Mr Neil Sedgewick (Clerical Supervisor)
Ms Allison Ferguson (Clerical Officer)

Apologies: Mr Alex Maskey and Mr Fra McCann

10.07am The meeting was declared open to the public.

6. Business Improvement Districts Bill

The Committee considered a draft of the Business Improvement Districts Bill report and noted that the final version of the Bill report will be agreed at next week's meeting.

Agreed: The Committee agreed to Clerk forward any comments on the draft report to the clerk by noon on Monday.

[EXTRACT]

Thursday 13 December 2012

Room 29, Parliament Buildings

Present: Mr Alex Maskey MLA (Chairperson)
Mr Mickey Brady MLA (Deputy Chairperson)
Ms Paula Bradley MLA
Ms Pam Brown MLA
Ms Judith Cochrane MLA
Mr Michael Copeland MLA
Mr Sammy Douglas MLA
Mr Mark H Durkan MLA
Mr Gregory Campbell MLA
Mr Fra McCann MLA
Mr David McClarty MLA

In Attendance: Dr Kevin Pelan (Assembly Clerk)
Mr Stewart Kennedy (Assistant Assembly Clerk)
Mr Neil Sedgewick (Clerical Supervisor)
Ms Allison Ferguson (Clerical Officer)

Apologies: None

10.07am The meeting was declared open to the public.

7. **Business Improvement Districts Bill**

10.11am The following Departmental officials joined the meeting.

- Mr Henry McArdle, DSD;
- Mr Antony McDaid, DSD and
- Ms Gail Cheesman, DSD

The Committee considered correspondence from the Minister regarding the wording of amendments to the Bill.

The officials provided the Committee with an explanation of the Department's amendments to the Bill.

Agreed: The Committee agreed the text of the first amendment to clause 6(3) as proposed by the Minister

Agreed: The Committee agreed the text of the amendments to clause 19 as proposed by the Minister:

The Committee agreed the main body of the report:

Introduction, read and agreed;

Consideration of the Bill, read and agreed;

Clause-by-Clause Scrutiny of the Bill, read and agreed; and

Executive Summary read and agreed.

Agreed: The Committee agreed that it was content for the Report to be printed as the the Fourth Report of the Committee for Social Development.

Agreed: The Committee agreed that the relevant extract from the draft minutes of the proceedings of 13 December 2012 would be included in the Committee's report.

[EXTRACT]

Mr Alex Maskey

Chairperson, Committee for Social Development.

13 December 2013



Northern Ireland
Assembly

Appendix 2

Minutes of Evidence

28 June 2012

Members present for all or part of the proceedings:

Mr Mickey Brady (Deputy Chairperson)
 Ms Paula Bradley
 Ms Pam Brown
 Mrs Judith Cochrane
 Mr Mark Durkan
 Mr Alex Easton
 Mr Fra McCann
 Mr David McClarty
 Mr Alastair Ross

Witnesses:

Ms Gail Cheesman *Department for Social Development*
 Mr Henry McArdle *Department for Social Development*
 Mr Antony McDaid

1. **The Deputy Chairperson:** On behalf of the Committee, I welcome Antony McDaid, Henry McArdle and Gail Cheesman from the Department for Social Development (DSD). The Department has provided questions and answers for the Committee.
2. **Mr Henry McArdle (Department for Social Development):** Good morning. Thank you for the opportunity to provide a further update on where we are with business improvement districts (BIDs).
3. As you may be aware, the Minister for Social Development introduced the Business Improvement Districts Bill to the Assembly on Monday. That is another important milestone in the process of putting legislation in place in Northern Ireland to allow for the creation of business improvement districts. It will bring us into line with GB and the Republic of Ireland, where legislation has been in place for some time. The plan is that secondary legislation will follow next year, as will guidance from the Department on how to operate BIDs.
4. Putting BIDs on a statutory footing means that every business in an area that has voted for a BID will be required to pay a BID levy. That is in comparison with the current voluntary BID system, whereby people can pick and choose whether they pay a levy. So, if a collective of businesses get together, put forward a plan and there is a successful vote on it, everybody will be required to pay the levy for the term of the BID.
5. The idea behind BIDs is that local businesses will benefit. If they feel that they need additional services or some improvements in their area, they can get together and agree to collect a pot of money that they can decide to spend on whatever improvements they think are needed. They can put together a plan that they can vote on and deliver. Business improvement districts work very closely with the local councils, so there is effectively a partnership between them to deliver improvement. It is expected that, over time, there will be increased numbers of visitors and increased business and revenue for those businesses that are in business improvement districts and that that will offset the BID levy. That has been proven to be the case in lots of areas.
6. So, the primary legislation was introduced on Monday, and it is planned that the secondary legislation will follow next year and that that will be followed by guidance from the Department. We will hopefully have BIDs in place then. My colleagues and I are happy to take any questions now.
7. **The Deputy Chairperson:** Thank you very much for that, Henry. Obviously, the Department has an enabling role in this matter. Do you envisage that stopping at some stage, or when do you think it might stop? I am just reading through the briefing, which suggests that that role is very much dependent on local areas and businesses.
8. **Mr McArdle:** Obviously, our role is to put in place the legislation that is necessary to allow this to happen. That is not in place at the moment. Central

government, effectively, does that. However, this is not a government-led initiative as such; it has to be, and has to be seen to be, business-led. That means that it has to be an idea that comes from businesses, because it is effectively their money that will be used. Businesses are agreeing to put extra money into a pot each year for five years to effect improvements in their area, and close working with the local council usually does that. So, the Department's role will primarily be enabling as it will put the legislation in place and provide advice that is based on experience from elsewhere on how to go forward with a BID.

9. **The Deputy Chairperson:** There is an outer limit of five years, so will there be a minimum limit?
10. **Mr Antony McDaid (Department for Social Development):** The expectation is that a BID will be in place for five years, but, in their proposal, the BID proposer may suggest a shorter period. Experience suggests that the five years will be needed to see the results and get the return. So, we expect most BIDs to run for five years.
11. **The Deputy Chairperson:** Is more information available on the enforcement of the BIDs levy? Is it possible to get more information on it?
12. **Mr McArdle:** Yes. As part of the public consultation, the Department put out proposals saying that Northern Ireland would replicate what happens in GB in that local councils would effectively have responsibility for the whole system. Some people who responded to the consultation were not content with that and thought that there should be a role for Land and Property Services (LPS). So, through discussions with LPS, it has been agreed that it will be responsible for the first tranche in that collection role, meaning that it will issue the bills and the follow-up bills. Experience tells us that 95% of businesses pay on the first go. We must bear in mind that the debt does not belong to Land and Property Services; it belongs to the BID company and/or the council. The council will then be responsible for following up on any unpaid debts.
13. **The Deputy Chairperson:** I will ask a final question before I bring Alex in. Is there evidence from other areas that BIDs have been successful and have worked?
14. **Mr McArdle:** Absolutely.
15. **The Deputy Chairperson:** In an item on the radio yesterday, somebody from Dublin, I think, was saying that BIDs have been very successful.
16. **Mr McArdle:** Absolutely. They are working well in Dublin, which has one of the largest BIDs. We have information that shows that a number of BIDs have gone for renewal this year after five years and that something like 90% of them have voted to go for another five years. That indicates that they feel that the BIDs have been successful. I imagine that it will be a slow burner; you will not see major improvements over the first few years, but people have seen that it is obviously working well after five years. It shows that, effectively, collective bargaining is in place, and businesses are stronger working together than separately. The proof of that is shown in the number of businesses that have gone for a further five-year term.
17. **Mr Easton:** I am reasonably excited about this. I am not 100% excited but reasonably so. I am in north Down trying to get people together to look at BIDs in more detail, and I am asking the council to do the same. I have just a few issues to ask about. If you can get a BID together and it is accepted, but some businesses in your area say that they do not want to be part of it, can you still have it, or does every business need to be involved?
18. **Mr McDaid:** The idea is that you will start with a rough outline of your prospective BID area. A consultation period will allow you to identify where the support for it is. The BID boundary can be anywhere, so it does not have to encompass the whole town or city centre; it could be one street. It

- could deviate from certain areas, so it could be in one block and then in an associated area. As the consultation process and the build-up of the BID proposal progress, the actual BID area tends to adjust over time, because those involved obviously want to get the vote through and get enthusiasm for the BID. So, where a BID area lies is totally down to the businesses.
19. **Mr Easton:** Obviously, the businesses are putting money into the BIDs to fund them. Will there be any funding from DSD, or can councils join in?
20. **Mr McArdle:** Councils in other jurisdictions are involved with their local BID partnership. In some cases, there may be some help from councils through funding or staffing or something like that. However, there are no plans at the moment for any central government funding to be made available.
21. We are saying that the Business Improvement Districts Bill is enabling legislation that will allow businesses to get together to collect and spend their own money and that we will facilitate that.
22. **Mr Easton:** Will businesses be able to decide how much they want to put in?
23. **Mr McDaid:** Absolutely.
24. **Mr Easton:** Does that mean that one could put in a wee bit and another could put in a lot?
25. **Mr McArdle:** No. The BID proposers will determine the BID levy. The BID could be determined on a percentage of the rateable value of the property, or it could be determined that there is a flat rate for everybody. It will be entirely up to the BID proposers to determine the levy. An individual business owner cannot say, "Oh, I'll just throw in a few pounds." I do not think that that is the idea; a set rate will be put forward in the BID proposal. That will go to a vote, and once it has been voted on, the businesses will be required to pay that rate.
26. **Mr McDaid:** Each business should know in advance and before it votes on the BID levy what its expected payment will be.
27. **Mr Easton:** When you say vote, do you mean that the businesses in the town vote?
28. **Mr McDaid:** Yes.
29. **Mr Easton:** What do you need to get it through? Is it 51%?
30. **Mr McDaid:** There is going to be a minimum turnout. So, at least 25% of the businesses eligible to vote should turn out to vote. The vote is a simple majority vote.
31. **Mr Easton:** The 51%.
32. **Mr McDaid:** Yes, with an additional majority of rateable value, which is there to protect small businesses, as larger businesses would have a larger rateable value. You have to meet the two scenarios, and there has to be a minimum 25% turnout.
33. **Mr Easton:** Thank you.
34. **Mr Durkan:** I want to follow up on Alex's question about businesses that do not want to join in. I think, Antony, that you clarified that at the end. You talked about the size of a BID and said that it could involve just one street. I think that the point that Alex was trying to make was this: what if number 1 and number 5 in the street are happy to be in a BID but number 3 is not? How would that impact?
35. **Mr McArdle:** If the BID proposers feel that all those properties need to be in the BID proposal, it goes to a vote. If number 3 votes against the BID proposal but the vote goes in favour of the proposal, number 3 would then be required to pay. Thinking practically, if you are putting forward a proposal and you know that there are four streets and that everyone is happy except for one street, you could exclude that street from the proposal. However, it gets a wee bit difficult if you exclude individual properties. Say, for instance, you are improving the public realm or something in the area, that business would not be

- paying for the improvements but could benefit from them.
36. **Mr Durkan:** I accept that entirely. I just wondered about the mechanics of it. I agree that the legislation is excellent and will complement the town centre regeneration work being done by the Department. However, it is also a case of selling it to every business. Businesses might think that they are already paying for work in the public realm through the rates that they are paying, which are extortionate in many places. Many will view it not as an opportunity but as an additional tax. What effect will a BIDs area have on vacant properties?
37. **Ms Gail Cheesman (Department for Social Development):** Basically, if there is no tenant, whoever is responsible for paying the non-domestic rate will be asked to pay the levy, and they will also have the opportunity to vote. Vacant properties will not be excluded.
38. **Mr Durkan:** Would there be a reduced levy for a vacant property?
39. **Mr McDaid:** Reductions in the levy would be down to the BID proposers. They could, if they wished, say that there would be reduced levies. However, the idea of the BID is to attract interest and footfall to the area. Therefore, the sell to the owner is that their premises may get let again because they are in a BID area.
40. **Mr Durkan:** Yes, and as soon as they are let again, the levy could be increased to the full amount.
41. **Mr McDaid:** Yes, and the owner would then pass the levy on to the tenant.
42. **Mr McArdle:** The BID proposal will set out clearly what each business is expected to pay over the period. So, everything that people vote on will be clear.
43. **Mr McDaid:** It will also set out the projects and services that they are hoping to put in place during the five-year term. The most common things that BIDs do are marketing and events. There would be little brochures for the collective shops in the area to show the type of businesses in the area. The advertisements could mention discounts and details of weekly markets. The next thing is crime prevention. They could pay for increased CCTV. Some areas employ a BID warden to patrol the area. They could also be asked to pay for extra policing or community policing in the area. The other obvious benefit is cleaning. They will get a certain element of cleaning from the local council through their rates, but they could use the levy to pay for additional cleaning.
44. **Mr Durkan:** But if they are based in a city centre or town, they will already be paying additional rates for those additional services.
45. **Mr McDaid:** The key to it is that any of the services that they are proposing to use will be in addition to anything that they are deemed to be paying for already.
46. **Mr Durkan:** I think it is a case of looking at where this has been successful elsewhere in order to sell it.
47. **Mr McArdle:** One of the first things that any BID proposer will do will be to baseline the services they already pay for and receive. Anything that they will be paying for will be over and above that. So, between themselves and the council they would have to agree on what services they are already getting through their rates. This is not rates; it is an additional levy, so there is nothing underhand. Whatever additional services the levy goes on will be set out in the BID proposal.
48. **Mr Durkan:** It is not just the councils, of course — we also have the Department for Regional Development, the Department of the Environment and the Department for Social Development.
49. **Mr McDaid:** Absolutely.
50. **Mr McArdle:** Yes, with other local authorities and Departments.
51. **Mr Durkan:** OK, thank you.
52. **Ms P Bradley:** Thank you for your presentation. I still cannot get my head

- round this at all. I suppose I should declare an interest as a business owner. However, we all need to declare an interest because every one of our constituency offices is in a main town or city or on a main street. What way does that work, then? Can we be part of this?
53. **Mr McDaid:** You can if you want.
54. **Ms P Bradley:** Can we put that through our office costs allowance? [Laughter.] What way does that work?
55. **Mr McDaid:** At the end of the day, it is about selling it to the businesses that will benefit from it, so you could possibly exclude non-retail businesses, because, obviously, they will not benefit from what is being proposed. Henry spoke about collective purchasing, which is a common theme in BIDs, where businesses come together and collectively try to negotiate a rate for their utility services.
56. **Ms P Bradley:** But we use all that as well.
57. **Mr McDaid:** If that were an element, those types of businesses could be included, because there is a potential benefit. It is very flexible, and it will be up to the BID proposers who to include, but they could equally say that they want just the retail shops in the area or just the chippies. They can be as specific or as broad as they want.
58. **Ms P Bradley:** I think, like everybody else here, that we would like to see some results or examples of where this has worked and made a difference. Maybe that would make it a little easier to understand. Our local councils in Northern Ireland are already doing lots of the things you mentioned, such as business directories. We have all those things already, so are we doubling up? That is what businesspeople are paying rates for.
59. **Mr McArdle:** It may well be that businesses in those areas will say that there is no value in doing this, but, equally, they may see that there is a value. What they need to do is go and see BIDs operating in other areas.
- They are operating very successfully in England.
60. **Ms P Bradley:** I think that is what we need to see as well.
61. **Mr McArdle:** Yes, I think so. It is operating very successfully but slowly in Scotland. The number of BIDs there is just into double figures. We should be looking at those areas where BIDs have voted to do it again to see what they did, what the extra services were and how they benefited from collective bargaining. That is something that was probably not envisaged at the outset, but it is something that has come into play. If you are bringing in a BID company and are negotiating for insurance for all the businesses in the area, surely there is a benefit through percentage discounts or whatever.
62. **Mr McDaid:** The other big thing is getting waste or recycling collected. Some businesses are finding that they are getting paid for their recycling, so they are coming together to get cardboard collected and are being paid by the ton.
63. **Ms P Bradley:** That I can understand. Elements of it make perfect sense but other elements do not make sense at all.
64. **Mr McDaid:** Every area will be unique, so certain elements will be in some areas but not others.
65. **Ms P Bradley:** It will be tailor-made for each area.
66. **Mr McDaid:** That is why the legislation is not very prescriptive. It was left as flexible as possible.
67. **Ms P Bradley:** OK, thank you.
68. **The Deputy Chairperson:** You may yet be converted, Paula.
69. **Mr Ross:** On that last point, is there anything to stop businesses doing that at present?
70. **Mr McArdle:** No; you can do a voluntary BID.

71. **Mr Ross:** So, the legislation is not actually necessary for businesses to do that.
72. **Mr McArdle:** It is not necessary to do that, but, with a voluntary BID, 20 businesses could get together, say they want to create a BID and put their money in, and, after a year, somebody could say that they are not keen any more. That person would not put their money in but would still benefit because the area will be improved. This legislation will require a bigger commitment from businesses. If they are in from the start, they have to stay in, and it is obligatory that they pay the levy.
73. **Mr McDaid:** It is to try to avoid the freeloading element.
74. **Mr Ross:** On the freeloading issue, Mark made the point that, if shop 1 and shop 5 in a street want to create a BID but shop 3 does not, where is the incentive for shop 3 to get involved if it is going to benefit anyway when shops 1 and 5 create the BID? It will get the benefit of more footfall in the area, but it knows that it does not have to put the money in because the other two will do it anyway.
75. **Mr McDaid:** That is if it is on a voluntary basis, but, if it is on a statutory footing, it goes to a vote —
76. **Mr Ross:** What happens if they do not want to be involved in the BID in the first place?
77. **Mr McDaid:** If it is in the area, they will be consulted, but that will be the BID area, so they cannot opt out.
78. **Mr Ross:** If we could see areas where BIDs are operating, it might be easier to get our heads round this.
79. **Ms Brown:** Thank you for your presentation. It all sounds great, but I am wondering about the smaller businesses that might have no choice and could end up trapped in a BID. That could be the straw that breaks the camel's back. Economically, the situation is very poor, and we are now seeing the downturn hit hard in Northern Ireland.
- Again, I suppose that we need to see BIDs working, and in this climate.
80. **Mr McDaid:** We were at a talk last year in the Waterfront Hall with a guy from New York. Times Square is seen as the leading light for BIDs. Someone from the Northern Ireland Chamber of Commerce gave some figures on businesses' knowledge of BIDs, and it is extremely poor. I think that more than 80% of businesses in Northern Ireland had never heard of BIDs, and, of those that had, 80% were public sector operations. An awful lot of education needs to be done in the North of Ireland around the concept of BIDs and their benefits. Through that, interested groups will get together and identify areas. We will obviously have guidance to point to very successful BIDs in other areas. Through visiting those or finding out the details, they will see the benefits.
81. With small businesses, the key is consultation. Whoever comes up with the idea must consult all the businesses, and, through that, they will get a flavour of who is or is not interested. As I said, you can adjust the boundary to suit, but, obviously, some businesses will be captured within that and cannot be excluded. The levy can be relatively small. It could be as little at £100 a year. Hopefully, that amount would not put small businesses over the edge.
82. **Ms Brown:** You said "captured", and I said "trapped". There is a fear factor. It makes me feel a bit uneasy, and I am not a business owner.
83. **Mr McDaid:** There is a double element to the voting: there is the rateable value and the majority voting.
84. **Mr McArdle:** We have found that the experience in other jurisdictions has been that, in some areas, small businesses are the prime movers in this. They get together first and then see whether they can get the bigger businesses to come on board, as they can see value in having the bigger businesses involved. The collective

- argument kicks in there. They are stronger as a group than as individuals.
85. A lot of persuasion goes on, and that is part of the process. You do not just kick off with a bid; you have to canvass support in the area and see who would be interested and who would not be. There is an element of persuasion: “Let’s go and see one somewhere else, and let’s see what the benefits are”. I do not think that it is a case of people being trapped. Ultimately, if a vote is successful and they voted to pay a levy, all the businesses in that area would be required to pay the levy.
86. **Ms Brown:** The idea that there could be savings on utilities sounds good. Then again, we have very little competition in Northern Ireland when it comes to utilities. Would it even apply to us? If there is no gas in the area and there is no chance of it coming to the area, there is no competition.
87. **Mr McDaid:** I suppose it is about negotiating. There are a couple of providers, and they might be able to bounce one of the other. There is maybe a bit more choice when it comes to insurance, broadband and telephone providers. You are quite right; we do not have the same selection as there is in Britain. That is just one element that seems to be popular.
88. To go back to the point about small businesses paying the levy; I think that 75% of BIDs have a 95% collection rate. So, there is quite a high collection rate for the levy, and that would seem to suggest that businesses are content. Also, 90% of BIDs that have come up for renewal have renewed themselves. I hope that there are not small businesses that feel trapped in BIDs.
89. **Mr Durkan:** BIDs are business improvement districts, and you can see how they would improve business for retailers. However, what about businesses that are not retail businesses? Paula mentioned our constituency offices, but what about the likes of dentists’, accountants’ and solicitors’ offices? They do not necessarily need any physical improvements to the immediate area to improve their businesses. BIDs will not necessarily improve their businesses in any way, shape or form. I was just chatting to Alastair, and he talked about charity shops. What would the implications be for them?
90. **Mr McDaid:** As I said earlier, the BID can be anything. It can include everyone, or it can include specific types of businesses. The non-retail premises that you mentioned may be on the upper floors of buildings. Therefore, you could have the BID for the shop below, with the dentists’ office or whoever is upstairs not paying the levy. It is totally flexible. Again, it is done through consultation. If you start including a lot of those types of shops, there may be a risk that the BID will not go through because they do not see the benefit of paying a levy.
91. There are more and more charity shops appearing in our town centres. They do sell goods. There is no rateable element if those shops sell donated goods, but they do attract customers, and people come in.
92. **Mr Ross:** The profit that they make goes to the charity, though. That is why they do not pay rates.
93. **Mr McDaid:** But the more people who come in and buy stuff, the more money they collect for the charity. If the shop sells brand new products, there will be a small rateable element. That is based on the square footage of the shop. The likes of Oxfam sell cards, little souvenirs and stuff like that. Charity shops in other jurisdictions generally get some sort of discount, but the BID proposer could decide not to discount them.
94. **The Deputy Chairperson:** OK, there are no other questions. Thanks very much for the presentation.

4 October 2012

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*

95. **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.
96. **Mr Aodhán Connolly (Northern Ireland Retail Consortium):** I certainly will.
97. **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.
98. **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.
99. 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.
100. 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.

101. 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.

102. 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.

103. 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.

104. 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.

105. 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.

106. 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.

107. 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.
108. 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.
109. 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.
110. 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.
111. 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.
112. 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.
113. 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.
114. 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.
115. 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.
116. Lastly, Mr Chairman and members, thanks very much for giving me this opportunity to speak to you.
117. **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?
118. **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.
119. **Mr Copeland:** Thanks, Aodhán. We spoke earlier.
120. **Mr Connolly:** We certainly did.
121. **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?
122. **Mr Connolly:** It is 25% of the businesses.
123. **Mr Copeland:** Numerically?
124. **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.
125. **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.
126. 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?
127. 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.
128. 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?
129. **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.
130. 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.
131. 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.
132. **Mr Copeland:** That would be very useful.
133. **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.

134. **Mr Copeland:** The last point was the potential impact of re-evaluation.
135. **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.
136. **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.
137. **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.
138. 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.
139. 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.
140. 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.
141. 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.
142. 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.
143. **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?
144. **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.
145. **Mr Campbell:** I thought that you said that it is about half. The Assembly research paper says that there are about 110 BIDs.
146. **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.
147. **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?
148. **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.
149. **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 BIDs 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?
150. 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 BIDs are working as well as some people say they are or the corollary, which may be that they are not.
151. **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.
152. **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 BIDs, 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 BIDs in out-of-town areas progress better than town centre BIDs.
153. Town centre traders might say that things are getting even worse through those BIDs 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.
154. **Mr Connolly:** I have now found the evidence. You were right, and I am glad to say that about half of the BIDs are in town centres. In one year, the 35 town centre BIDs 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.
155. **Mr Campbell:** OK. Thanks.
156. **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 BIDs 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 BIDs 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 BIDs will be established?
157. **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.
158. **Mr Copeland:** I would be very keen to see that.
159. **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.
160. 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?
161. **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.
162. 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.
163. 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.
164. 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.
165. **The Chairperson:** If you had a joint BID, could you have a Yum! Yum! festival? *[Laughter.]*
166. **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?

167. **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.
168. 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.
169. 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.

170. **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.
171. 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.
172. 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?
173. **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.
174. 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.
175. 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.”
176. 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.
177. **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?
178. **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.
179. 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.
180. **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.
181. **Mr Connolly:** That is the mandatory nature of BIDs, but I would need to look into what the sanctions are for not paying.
182. **Mr F McCann:** He put it that traders would have to pay something.
183. **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.
184. 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.
185. **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.

186. **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.

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

11 October 2012

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	<i>Association of Town Centre Management</i>
Mr Andrew Irvine	<i>Belfast City Centre Management</i>
Mr Stephen Dunlop	<i>Northern Ireland Independent Retail Trade Association</i>
Mr Glyn Roberts	

188. **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.
189. Are you happy to give us a presentation?
190. **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.
191. 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.

192. 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.
193. 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.
194. 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.
195. 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.
196. 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.
197. **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.
198. 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.
199. 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.
200. 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.
201. 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.
202. 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.
203. 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.
204. 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.
205. 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.
206. 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.
207. 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.
208. 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.
209. **The Chairperson:** Thank you very much for that, Jacquie. That was very positive.
210. **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?
211. **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.
212. 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.
213. **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?
214. **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.
215. 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.
216. **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?
217. **Ms Reilly:** Super BIDs is not one of Mary's most successful terms.
218. **Mr Douglas:** Next question, then. [Laughter.]
219. **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.
220. **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.
221. **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.

222. **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.

223. **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.

224. 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.

225. **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.

226. 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.

227. 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.

228. 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.

229. 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.
230. 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.
231. 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.
232. 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.”*
233. 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.
234. **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"?
235. **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.
236. 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.
237. 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.
238. 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.
239. **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.
240. 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.
241. **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.

242. **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.
243. 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.
244. 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.
245. 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.
246. **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?

247. **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.
248. **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?

249. **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.
250. **Mr Irvine:** I stand corrected, but —
251. **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.

252. **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.
253. **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?
254. **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.
255. **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.
256. **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.
257. **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 —

258. **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.
259. **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.
260. **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.
261. **Mr Roberts:** I appreciate that.
262. **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?
263. **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.

264. 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.
265. **Mr Durkan:** Who draws the red line?
266. **Ms Reilly:** The task force.
267. **Mr Durkan:** Not the BID membership.
268. **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.
269. **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.”
270. **Ms Reilly:** No; you would never have a BID for one side of the street.
271. **Mr Durkan:** I am just making a hypothetical —
272. **Ms Reilly:** Our regulations specifically say that you cannot do that because it cannot be justified.
273. **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.”
274. **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.
275. **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?
276. **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.
277. 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.
278. **Mr Durkan:** That is where I had always been coming from.
279. **Ms Reilly:** I apologise. I got confused with the streets.
280. **Mr Durkan:** That was until today when I heard that it might be harmful to a group in the community.

281. **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.

282. 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.

283. **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.

284. 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.

285. 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.

286. **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.

287. **Ms Reilly:** Thank you.

11 October 2012

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*
 Alderman Arnold Hatch *Local Government Association*

288. **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?
289. **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.
290. 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.
291. 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.
292. 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.
293. 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.
294. 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.”
295. 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.
296. 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.
297. 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.
298. 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.
299. 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.
300. 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.
301. **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.
302. **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.
303. **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?
304. **Dr Bishop:** My understanding is that it is 25% of the rate, but I am open to correction.
305. **Mr Copeland:** Therefore, in essence, you could have one business —
306. **The Chairperson:** No; the 25% relates to individual traders. Value is another issue.
307. **Mr Copeland:** I was just trying to clarify that. Thank you.
308. **Alderman Hatch:** It would be difficult enough in some circumstances to get any more than 25%; that is a fair bulk of people.
309. **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.

310. **Alderman Hatch:** Obviously, the more you get, the better.
311. **The Chairperson:** Surely.
312. **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?
313. **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.
314. **Alderman Hatch:** There is a representative body of the 26 councils. That is how we arrived at this.
315. **Mr Douglas:** I understand. Thank you.
316. **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?
317. **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 —
318. **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?
319. **Alderman Hatch:** The BIDs issue is not about out-of-town shopping centres.
320. **Mr Durkan:** It is about retail BIDs, I think.
321. **Alderman Hatch:** Yes. It is about retail BIDs. The towns are dying on their feet, and therefore —
322. **Mr Campbell:** Do you mean that town centres are dying on their feet?
323. **Alderman Hatch:** Yes.
324. **Mr Campbell:** That is the point that I am making. Therefore, do you think that, in the BIDs process —
325. **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.
326. **Mr Campbell:** Is it a view that is shared in NILGA? That is the point that I am trying to get at.
327. **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.
328. **Mr Campbell:** I am sure that some councils would.
329. **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".
330. **Alderman Hatch:** They did look at the impact that that would have.
331. **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.
332. **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.
333. 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.
334. 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.
335. **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.
336. 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.
337. 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.
338. **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.
339. **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.
340. 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.
341. **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.
342. **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.
343. 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.
344. 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.
345. 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.
346. **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.
347. **Mr Copeland:** Do you eventually see things such footpath-gritting in the winter?
348. **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.
349. **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.
350. 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.
351. 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?
352. **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.
353. 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.
354. **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.
355. **Alderman Hatch:** I, too, have seen a lot of master plans and area plans as well.
356. **Mr Brady:** Mr McCann has probably seen a lot more than I have. He refers to them as “the warehouse of lost opportunities”.
357. **The Chairperson:** Let us not go down the philosophical route.
358. Do any other members want to speak? Arnold and Ken, are you happy enough?
359. **Alderman Hatch:** If you have any further questions, please refer them to the NILGA office.
360. **The Chairperson:** Thanks very much to NILGA for the presentation.

28 November 2012

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:

Professor Jim Berry
 Dr Lesley Hemphill *University of Ulster*
 Professor Stanley McGreal

361. **The Chairperson:** The aim of today's session is to receive a briefing from the University of Ulster on the findings of its nationwide BID survey 2012. We will also be briefed by the Department for Social Development this afternoon, which will allow the Committee to begin to deliberate formally on the Bill to identify the key issues.
362. I welcome the university's representatives and invite them to brief the Committee. We have Stanley McGreal, professor in property research and director of the Built Environment Research Institute; Jim Berry, professor in planning and real estate; and Dr Lesley Hemphill, a lecturer in property and sustainability.
363. **Ms Brown:** May I say before we start the session that there may be a bit of coming and going because there is also an all-day Health Committee meeting.
364. **The Chairperson:** I think that you mentioned that earlier, Pam. Thanks for that. It would be useful for parties with more than one member on the Committee to keep someone here to represent their party group.
365. **Professor Jim Berry (University of Ulster):** Thank you, Chair. We thank the Committee for its kind invitation to address members. Our team, as you outlined, consists of key players from a number of organisations, including British BIDs, a consultancy practice that operates throughout the UK and Ireland; Boots plc is represented by Andy Godfrey, who is also part of the consortium and has previously spoken to the Committee; and the University of Ulster, which brings the academic component to the research. Stanley, do you want to say a little more about the team by way of introduction?
366. **Professor Stanley McGreal (University of Ulster):** Good morning, Chair, and members. I am the director of the Built Environment Research Institute based at the University of Ulster's Jordanstown campus. As its name suggests, the institute covers all aspects of the built environment. We are, for example, strong on energy, renewables, bioengineering, and property and planning research areas. The regeneration area is one of our major strengths, and we have done a lot of work on it locally, nationally and internationally. Indeed, our interest in BIDs goes back at least 10 or 12 years, when we got a research grant from the Economic and Social Research Council to look at the operation of business improvement districts (BIDs) and tax increment financing in North America. So we bring quite a lot of experience to the Committee.
367. **Dr Lesley Hemphill (University of Ulster):** Good morning, Chair, and members. I have been involved in urban regeneration research for a number of years, dating back to my PhD, which looked specifically at the performance measurement of sustainability in an urban regeneration context. I have been specifically involved in BID work for the past two years as part of a wider

- research team. I am very interested in the performance measurement of the impact that such regeneration vehicles have in their local areas.
368. **Professor Berry:** May I add to that? At the university, one of the critical dimensions for regeneration that we are keen to promote is delivery vehicles, the delivery mechanism and how that mechanism can be implemented to facilitate economic returns, social aspects and environmental components in a regeneration context. We come to the issue from that angle.
369. As my colleague outlined, our history with business improvement districts goes back to the Economic and Social Research Council grant that we received in 2002. In 2006, we undertook some work for Belfast City Council, evaluating BIDs and their performance in mainland UK and looking at what lessons could be learned for Northern Ireland, specifically for Belfast City Council. We have also been involved in the annual nationwide BID survey, which has been in existence for the past five years. We have been building up our ability to evaluate UK and Republic of Ireland BIDs in that context. As to the outcome and dissemination of the research that we have undertaken, we are publishing papers in peer-reviewed journals. If required, there are other sources of information that we can build on to help you with your determination and evaluation of the initiative.
370. I will outline how we intend to proceed with the presentation. We are aware that the Committee has a very comprehensive understanding of what business improvement districts are. As a starting point, we will give a broad context to the business improvement district concept: what a BID is; what the benefits are; what the challenges are; and what the key components are. We will then present the key findings of the nationwide BID survey 2012 and try to draw together some policy implications for Northern Ireland.
371. My colleague Dr Lesley Hemphill will make the first part of the presentation,
- after which I will address the policy implications.
372. **Dr Hemphill:** As Jim said, what we want to do is take you quite quickly through the basic background material. We are aware that you are familiar with the BID concept. I think that it is important to stress, for your understanding of BIDs, some operational issues. We will then focus on the findings from this year's nationwide BID survey.
373. One of our slides gives a definition of what we mean by a business improvement district. I want to draw out four key points from that definition.
374. First, the definition refers to a defined geographical area. That is important, in that people need to be very clear about where a boundary line is drawn. In the past, many BIDs found that after they had drawn the initial boundary line, they realised that they had not necessarily captured all the businesses that they should have. Effectively, they then had to wait five years until the BID came up for renewal before that boundary could change. Getting the initial boundary right is an issue, as is making sure that there is a critical mass of businesses within that boundary.
375. Secondly, there is the issue of non-domestic ratepayers. Even though there may be residential properties within the boundary, those people do not have the option to vote. Only businesses can come forward — that is, the people who pay business rates. We have to be careful about any queries around that at a later stage. A business initiative is being pushed forward, and it is about how that sits alongside the community in which the BID is. There is also the fact that sometimes BIDs are entirely retail-led; at other times, they may be mixed use; and they may also be commercially led. There are different types of BIDs, and tourism business improvement districts are also emerging. It is about trying to figure out the best mix of BID for a local area.
376. Thirdly, the BID definition refers to collective investment in an area. It is about

- trying to achieve local improvements. Through that collective investment, you are effectively trying to ask businesses in an area, “Can you invest in the area to get a pot of money that will help to bring about local improvement?” There is an element of consensus building. There is also an element of trying to identify local priorities. We will come back to that later in the presentation.
377. Finally, the definition refers to additionality. A key finding from much of the research is about how you prove that BIDs have been additional. Have they brought something over and beyond the services that were already provided? That goes back to performance measurement and making sure that the right indicators are in place to show that additionality and to prove to the businesses up front that this is a good option and a good thing to sign up to.
378. I will recap. We are talking about BIDs being business-led initiatives. We are also talking about BIDs in respect of the partnership that they can have with local authorities and about how they can improve decision-making in town and city centres.
379. I will now move on to look at the benefits and challenges that are posed by BIDs. I will deal with the benefits first. You have probably been told about these over the past number of months. First, BIDs support a vision and try to build leadership and help competitiveness. That is important in that a group of businesses come together to try to work collectively on a vision for an area. They can start to generate a lot of good ideas on how to deal with it. It is no longer government, local government or local authorities going in and saying, “This is what we think we should do.” It is a bottom-up approach with businesses now being able to generate that vision and say what they want in their local area.
380. The second point is obvious. The hope is that a BID area will increase the footfall of people who come to a town or city. A lot of the activities involved with that are to do with marketing. It is about place-making and the promotion of town and city centres. The hope is that that will have an impact and increase footfall.
381. Thirdly, there is the idea of trying to drive up standards, which links to the additionality debate. It is about the partnership between local businesses and local authorities. There would be a baseline agreement between a local authority and a BID to make sure that services that are already provided are not being replicated and that instead people are starting to say, “These are the services that the council provides, but these are the additional services that the BID will use its pot of money to try to generate.” That debate is important. Establishing that baseline at the outset is critical to a BID.
382. I will focus on the main activities in more detail later, but a BID is about creating a safe and clean environment. BIDs tend to have more of an influence on that early on. They tend to move on to more sophisticated issues as time goes on. However, in the early stages, it is definitely more about trying to improve the attractiveness of a town or city centre.
383. The final benefit is probably the most important one: income generation. That is in respect of both the BID levy and, as we are finding out more and more, the additional funding that they are able to source.
384. I will switch briefly to BID challenges. There is a challenge in getting BIDs started. You have been told about the lead-in time that is needed to try to get them established, making sure that the correct consultation has been undertaken and the cost of that. That is critical.
385. It must be borne in mind that the support of businesses is required up front. To get the businesses’ support, the consultation needs to ensure that they are bringing forward what they think are important matters for local areas. It should not be somebody else’s view on what is needed in that area; it should be the businesses’ view.

386. I touched on the area of performance measurement and making sure that that is clearly set at the initial stage. It is also about starting to try to prove the counterfactual position. It is about what would have happened if the bid was not in place. A lot of the research refers to that. It is about trying to prove the counterfactual position to make sure that if that bid had not been there, some of the initiatives would not have already happened. That is a challenge.
387. The final point concerns the services that are passed on to a BID and the services that remain part of a local council area. A lot of dialogue is required to take that forward. Management is needed to ensure that both those issues are brought forward. Careful management is needed not only to make sure that people get the benefits of the BIDs but to make sure that the challenges are dealt with correctly.
388. I do not want to labour the point about BID ballots too much because you are all familiar with the processes of a BID ballot. I know that you are interested in the idea of a minimum turnout figure, such as Scotland has with the 25% threshold. We found that, on average, the turnout figures across the UK for a first-time ballot is somewhere between 40% and 50%. The minimum threshold could be set at 25%, but the majority of BIDs are already well above that; I do not think that any BID has scored a turnout of below 30%. The threshold is not the main issue; the main issue is trying to make sure that you sell the idea to the businesses in that area so that they are already enthused about what a BID can do. They should then think that they want to support a BID, so the turnout figure will be high anyway.
389. During our academic work, we noticed that, with renewal, turnout figures increase. If the figures are 40% to 50% at the initial BID, with renewal, which is after the first five years, the figure probably moves up to 50%, 60% or more. You could say that that is evidence of a willingness to accept that they have already bought into the improvements in the area, and that, as a result, they see the benefits. Different majorities are needed in the yes vote and in the spread across the rateable values. It is important to maintain that to make sure that no large businesses can push it through in an area in which there is obviously a mix of large and small businesses. That is something to be mindful of.
390. In many ways, the BID levy is the contentious point. It is about the level at which it is set. Businesses will see it as an additional burden, another outgoing that they have to meet. We need to be mindful of selling it to the business at its real amount. Our table sets that out. If we apply a levy rate of only 1% to a rateable value of, say, £30,000, that is effectively looking at an annual levy of £300 on that business. If we look at that as a weekly cost, it is £5.80. If we look at it as a daily cost, it is 80p. When those figures are shown, it starts to make it seem an awful lot more affordable than being told that another 1% is being added, on top of the business rates that they are already paying. We need to be mindful of the story that we are telling and the figures that we are giving to businesses to make sure that they can make an informed decision.
391. That slide also has information about the idea of introducing exemptions or discounts. Exemptions tend to be at the discretion of a BID, but they would normally be in place for charity organisations. Discounts are normally for small businesses or shopping centres. Shopping centres do not have a frontage onto a high street, so they usually tend to get some discount. That can vary between 30% and 50%, but it is at the discretion of a BID to decide on the potential discounts that it offers. Agreeing all that with local businesses is part of the consultation process.
392. I will move on to the BID term and size. It is important to bear in mind that they are area specific when it comes to the boundary and the size that are put up front, which cannot be changed until renewal. Normally, there is also a time-bound element, whereby a BID is put in

- place for a five-year period. Sometimes they can be introduced for a three-year period, as a couple of BIDs in the UK have been. Those BIDs are almost being run as a pilot to see whether they work and get interest generated in them at that early stage. As you will hear when we discuss our findings, the early stages of BIDs do not necessarily show a lot of impact. Therefore, if a BID is introduced for a three-year period, it is unlikely that it will show big impacts. People might be more minded to go for a five-year term to try to show the bigger impacts over that longer period.
393. The final point of the contextualisation is to look at the BID proposal. It is important to bear in mind that the BID proposal is a critical document in setting up a BID because it is the brochure for what a BID is trying to do. It is about the up-front consultation to try to create a brochure or information pack that will be distributed to various businesses that will vote. I have tried to look across a number of different BID proposals to find the information that is recurring, and the slide presents my findings.
394. You will find that most proposals have information on what the BID is designed to do, why it is needed and what its overall benefits are. You will also see information on the core themes that have come through from the consultation process and how they will be implemented in the context of a five-year budget. You will also see information on the BID ballot process, such as who is entitled to vote, what the voting process is, what majorities are needed, and so on. That means that everybody is aware of their role when they vote in the BID ballot.
395. You will also see information on the BID levy. As I said, that payment is broken down in the way shown in the table on the previous slide. You will see information on the baseline services, which are the link to the local authorities in what the BID is trying to do and how it is showing additionality. There will be a map of the streets within the boundary that the BID covers, there will be information on the income and expenditure over the five-year period, and there will be further information on the management of the BID and how it will operate, including information on some of the performance indicators that will be in place. That is the typical information that will be contained in a BID proposal, and it is a very important document in trying to put a BID in place. A lot of the start-up money is needed to try to develop that document.
396. I will move on to the findings of this year's survey. Jim set out the fact that the University of Ulster has been involved in the survey over the past three to four years. Our role in the survey is to act as independent verifiers of the figures that are coming forward and to try to give some interpretation of what the figures actually mean. We all know that statistics can say a thousand things, so our role is to take those statistics and independently decide on the real story.
397. The strength of the BID survey over the past number of years has been that it acts as an industry benchmark document. It gives BIDs an opportunity to see how their performance compares with other UK and Republic of Ireland BIDs. It enables performance benchmarking against others in the industry.
398. I will move on to the number of BIDs in the UK. Since BIDs were introduced in 2004-05, there has been a steady increase. As of April 2012, we had 129, and as of November, we are up to 148, so even in that period there has been an increase in the number of BIDs in the UK. We continue to be dominated by what are categorised as town centre BIDs. There is a small group of what are known as industrial BIDs, which tend to be a very niche market. The performance of those BIDs is at a lower level because their goals are slightly different to those of the town centre BIDs.
399. Statistics show that 50 out of 56 applications to renew BIDs have been successful. At least some of those could be multiple renewals because some BIDs are into their third term. Again, we talk about five years but few BIDs

- do not decide to go for a renewal. A high proportion of them are successful. A number of the outstanding six that have not gone forward failed to do so because of the natural dissolution of a BID. Rather than being unsuccessful, a BID may have served its initial purpose, and there has been no need to continue it.
400. Although the survey looks at the UK mainland, we should not forget that the survey also considers two Republic of Ireland BIDs: Dublin and Dundalk.
401. Over the past number of years, we have noticed that two key base levy rates — the 1% and the 1%–2% — come through as prevalent. That is in line with industry best practice guidance on where to put a levy rate. They do not want levy rates to be set so high that it becomes an additional burden on local ratepayers. You can see how the introduction of higher rates might make that an issue. A rate lower than 1% tends to apply only in areas where there are very high rateable values. Therefore, a critical mass of money is already coming through, and they do not need the higher rates. There tend to be special circumstances where the rate is higher than 2%, such as in Dublin. Quite often, as is the case in Dublin, the BID budget is set first, and they work back to develop the rate. So they recognise that they want a certain pot of money and then try to determine the rate that is needed to create the pot. There are also variable rates. Sometimes, bands are introduced so that different rateable values are put into different band categories, or a different rate is introduced, depending on how close a BID is to a city centre. Obviously, the closer to a city centre, the higher the rate; more peripheral ones may pay a slightly lower rate. The one that is the best fit for a particular area is part of the consultation dialogue.
402. Over the past number of years, we found the critical mass of a typical BID size to be 300 to 600 hereditaments — businesses. That will again differ depending on the rateable values in an area and the natural line or boundary in a town or city centre. Some very small towns will not have that number of businesses, so the numbers will change accordingly. Great Yarmouth, for example, is the smallest bid in the UK, with 181, whereas, at the other extreme, Dublin has more than 3,400. So there is a great variation in size, but typically we are talking about 300 to 600 properties.
403. You should bear in mind, when looking at the BID population across the UK and the Republic of Ireland, that, at the minute, BID levies are being collected from more than 54,000 businesses. So a significant number of businesses have already signed up and are supporting the BID model.
404. A lot of our research over the past years has tried to draw out the real potential of BIDs to generate income. A look at those income figures shows that there are two key areas in which that potential comes through. The first is obviously the BID levy — the mandatory part and what BIDs must pay once approved. What we can see from our slide, and we go into it in more detail in this year's survey, is that the chargeable income from April 2011 to April 2012 was over £39.8 million, which is quite a significant amount to plough in during an economic downturn. If you take that average across the whole BID population, you are talking about roughly £390,000 per BID. Obviously, whether that figure is slightly higher or slightly lower will depend on the size of the area.
405. We want to point out that, beyond the statutory money that is coming in and what is mandatory once the area has signed up to the BID, there is also evidence of increasing leverage of additional income. A BID is set up, and already those businesses are signed up to the fact that they have to pay the levy. The fact that that BID has the potential to generate additional funding sources is also one of the reasons why they are so popular. We can see from the slide that we had additional direct income — we call it that because it is coming into the BID bank account — of £11.6 million over the past year, which averages out at £169,000 per BID. So, you can see that the fact that we are potentially able to leverage in significant

- additional funding makes the model even more popular. I should say at this point that the two main sources of that additional funding are local authorities and property owners.
406. The report goes on to talk about regeneration investment or indirect income, which is more of a grey area. When we start to talk about a BID's impact on attracting wider regeneration investment to an area, we have to be mindful of what would have happened if the BID were not there. That counterfactual can sometimes be quite difficult to establish where a BID is concerned. However, there is certainly evidence from what we have found in the reports over the past number of years that cities and towns that have BIDs tend to be more successful in generating wider regeneration investment. The challenge for us, as academics, is to try to point out whether that is part and parcel of the BIDs impact or of the fact that that area has a vision with a number of businesses working collectively together.
407. The next slide shows a table for leverage ratio analysis. This is one of the key areas that we have been looking at in trying to establish the leverage of levy income versus additional income. I want to draw your attention to two key things here. The first is the fact that we have started to try to develop some sort of broad categories of BIDs. You can see that we have what we call first-term BIDs, advanced first-term BIDs and renewed BIDs. Effectively, that has now started to create an age categorisation of BIDs. First-term BIDs are effectively BIDs that are within their first two years of development. Advanced first-term BIDs tend to be within years 3 to 5. Renewed BIDs are those in years 6 to 10, or 10-plus if they have gone through a third renewal.
408. Look at the progression of BIDs and their capabilities. The basic ratio of additional income to levy income in the first two years is only an additional 9p on every £1 of levy income. In the three-to-five-year period, that increases to 14p. In the renewal phase, it increases significantly to 34p in every £1 of BID
- levy money. You can see that there is a natural progression. It is important that we do not set too ambitious targets for BIDs in the early years and that we recognise that it is a long-term model. It is a five-year plan, and there is the anticipation that you will then probably try to go for renewal beyond that. Once you move into the renewal phase, you start to see more potential for significant income generation.
409. The last slide that I want to focus on reflects the typical activities that we see coming through, as shown in the annual survey. These activities tend to reflect the development phases that we have identified. The early focus seems to be more on creating a safe and clean environment and trying to improve the look and attractiveness of our town centres. Then, you see them moving more towards the whole idea of promoting the local area, which is about marketing activities, promotional campaigns etc. The final phase of renewal is about having more of a regeneration influence by starting to think about the wider impact that the BID can have on the regeneration of an area. So, you do see that progression.
410. At this point, I will hand back to Jim, who will take you through the policy implications for Northern Ireland.
411. **Professor Berry:** I am a bit concerned about the word "implications". Maybe it should be policy "considerations" for Northern Ireland, because we want to try to look at this as a vehicle with opportunity and from a positive perspective. In considering the policy considerations, I would like to bring together some of the concluding points that my colleague made. Perhaps those are the sorts of issues that we might want to discuss.
412. The considerations are at the higher level of the type of analysis that we are doing. A lot of the work focuses on more detailed findings and conclusions. For today, we will stick to the higher-level ones. We have heard that BIDs are a key driver in implementing the potential for place-management strategies and

- adding value to both service delivery and destination marketing in town centres. That is critical when one considers the Portas review and research undertaken by other organisations.
413. The second point is that BIDs are a response to market forces and competition factors in our town centres by facilitating and sourcing additional income and investment potential, and through their capacity to largely counteract, we hope, what is a very difficult issue to counteract — retail spend and shopping vacancies. That, again, was reflected in the Portas review. We are seeing evidence of that in our own cities and town centres. It would be great if we could use BIDs in that proactive way to counteract some of those difficulties.
414. The third point is that investment in BID areas tends to focus initially on the early stages of the process through the provision of enabling infrastructure and/or public realm projects, largely to help the regeneration process from the physical, environmental and appearance perspective. Obviously, as Lesley said, things will improve, increase and move towards higher-level regeneration activities as the BID matures and develops.
415. We feel that more research is needed, particularly to analyse the economic viability and property market impacts through the benchmarking of things like, for example, rental levels, footfall, vacancy, etc, and to try to establish what the distinctiveness of BIDs is in relation to turning our town centres around and making them more buoyant and profitable.
416. We are doing some work on an index to try to look towards benchmarking performance in town and city centres. We have that benchmarking process in other parts of the UK, and it is also in the Republic of Ireland. Northern Ireland does not have that benchmark, and we are working with the Investment Property Databank (IPD), which is an industry-established data provider, to try to have an index created for Northern Ireland and, specifically, for Belfast. That index is being launched in December; the Chair may well be aware of that. Hopefully, the Minister for Social Development will be with us for that launch. We are hoping to use that index in a more proactive way alongside the type of benchmarking that we will be doing for BIDs and property performance through the IPD index.
417. Moving on to the next slide, the critical point that we would like to make is that there is evidence to suggest that BIDs are beginning to leverage additional income and investment from various sources, including public and private funds, and Lesley has highlighted what those potential sources are. A major benefit of BIDs is that they have that leverage capacity. BIDs are becoming a crucial conduit for sourcing town/city centre funding and have an increasing track record and experience. That is based on our analysis of the UK mainland BIDs and the Republic of Ireland BIDs.
418. The cumulative income and investment potential of BIDs becomes more significant the longer the BID operates, and, therefore, regeneration benefits should be capitalised over the longer term. BID renewal figures show evidence of BID popularity and success, but maximising the percentages is important for the acceptability and credibility of BIDs. So, we would like to suggest that we try to maximise the turnout percentages from that perspective. There is a need for ongoing research to focus on establishing the counterfactuals. That is a very difficult area for us. We are trying to bring academic rigour to that particular component using methodologies that are well established in other areas, such as enterprise zones. We are now trying to apply those to measuring the counterfactual evidence for business improvement districts where they have been clearly established over a period. We really need to try to consider the real additionality through indicators such as displacement, dead weight, leakage, etc. Those are the types of indicators that

- we have used in the evaluation of other policy mechanisms.
419. On the last two slides are a number of questions that you might want to contemplate in your consideration of the legislation and guidelines. I will run through them very quickly. We have structured them into operational and strategic questions. These are the types of questions that we suggest really do need answers. What levy should be proposed? How many business hereditaments should be included in the BID designation? What length of term should we be proposing? What objectives should be set for the BID proposal? What exemptions, thresholds or discounts would operate? Then there are the strategic issues. How can we ensure business buy-in to the payment of the additional surcharge — the levy; the 1% or 2%, or whatever we go for — in the current economic downturn? What performance measurement mechanism should we be trying to implement in order to assess performance over time? Should a property owner be able to vote in favour, or otherwise, of the BID? That is a big issue in the US. The property owners are clearly part of the BID structure. We are discussing this in mainland UK and the Republic of Ireland. We have got to take a position in Northern Ireland on where we stand on that issue. Also, how are we going to deal with the increasing vacancy and the fact that we will not have the tenants? Who is going to pick up the BID levy in that case? We have to look at the length of term and the objectives. Lesley has set out the types of issues that are contained in a BID proposal. Again, when we get to that stage, those are the types of issues that we will have to consider. Then we have the exemptions, the thresholds, the discounts and the question of how those would operate in the context of this jurisdiction.
420. Chair, those are our key findings. Hopefully, we have informed the Committee this morning of the types of challenges that lie ahead for it. We would, nevertheless, like to be positive and say that we think this is a fantastic opportunity to introduce a mechanism, an initiative, that has potential and that will, hopefully, help to address some of the major problems that our high streets are facing.
421. **The Chairperson:** Thank you very much for a very comprehensive presentation. I have two questions. First, do you think that the legislation is flexible enough to allow the various BID proposals to address specific local circumstances? The second question goes back to your last point. You referred to charities, vacant properties and the fact that the property owners issue is a big issue elsewhere. On the level of discount that might be made available to charity shops, given that in some high streets there is a prevalence of such shops, would that undermine the basis of a BID? You are posing the question and telling us that that is a big issue in America and elsewhere in Britain, but do you have any evidence that might help us in our deliberations? We obviously have those concerns. This is really about the flexibility of the legislation. What is your view on that? Is it flexible enough to allow people to tailor the BIDs to suit their local circumstances? What does the evidence tell you about the number of charity shops and owners of vacant properties looking for discounts? Does that help or undermine the BIDs, and, if so, how?
422. **Professor Berry:** Those are very important questions. I will deal with the issue of flexibility first. Flexibility would be better considered in relation to the guidelines. Once you get your legislation passed, you have got to look at how you are going to interpret that legislation through a set of guidelines, which I imagine will be produced by the Department for Social Development. I have looked at the procedure that is applied in other parts of the British Isles and the Republic of Ireland, and that is the way they have handled the process: there are detailed guidelines setting out exactly how the legislation should be interpreted. You can bring in your flexibility concerns at that point. However, I am not sure how far you want to push the flexibility issue.

- Transparency is clearly important when it comes to what you are expecting from the business community and from those who are going to be exempt from the levy.
423. You are right that we have a problem with increasing numbers of charity shops and increasing vacancy on our high streets. For that reason, I think that the sooner we get the property owners into the equation, the better. I do not know what my two colleagues would say, but from the research that we have looked at, for a lot of reasons, it is imperative that property owners are engaged with and are encouraged to come on board. If you look at what happens, you can see that they benefit considerably from improvements in the environment, which has the potential to impact on the value of their property, etc. So, there is every reason for property owners, as well as tenants, to be included.
424. **Professor McGreal:** Jim is quite right on the flexibility issue. The flexibility needs to be with the individual BID. Given that they are business-led and very local in nature, flexibility is necessary so that a BID in Belfast can interpret something differently from, say, a BID in Derry or Dungannon. That local capacity to work within the guidelines is very important.
425. The property owner situation is fundamental. When the legislation for mainland UK was coming in, there was a lot of debate about whether it would involve occupiers or property owners. This is one of the big distinctions with the US model, in that property owners are firmly involved. That certainly helps, and possibly our legislation should reflect that.
426. **Dr Hemphill:** Picking up on your charities scenario, you need to be mindful that it is very much the BID that decides what exemptions and reductions are in place. So, it would very much depend on the area. The BID team would have to look at how many charity shops there are, the types of shops in the area, the rateable value of the properties there and the pot of money that is needed. On the back of that, a BID might not be the right vehicle in an area where there are a lot of charity shops or vacant shops. So, it is a case of every town and city centre that comes forward looking at whether there is a critical mass of businesses to support a BID in the first place, what the mix of businesses is in the area and whether that could cause a challenge if exemptions or reductions were introduced.
427. **Mr F McCann:** I have to say that there are probably some charity shops in Belfast with a bigger income coming through their doors than many of the businesses. To add to what Alex said, that is about the continued rise of fast-food bars, which have taken over town and city centres, and the impact that that has on businesses.
428. Thank you for the presentation. It was interesting. It was obviously very upbeat about BIDs, but there has to be a downside, Jim. You must have come across that in all the work you have done. What we need to do is look at the positives, but also look at some of the negatives that may be out there.
429. I am interested in getting some information on the evaluation you did for Belfast City Council. What was the outcome of that? There is not a day goes by that you do not go down to the city centre or into a town and see that more businesses are closing. How would this benefit them? A lot of that is down to the economic problems, but many businesspeople would say that a lot of it has to do with out-of-town shopping and the impact that has had on town and city centres.
430. Across the North, you are dealing with the review of public administration (RPA) and major changes to local government. More powers are going to go back to local government. It is about where community planning fits into all this. It could be good for business, but it may have a downside.
431. A number of years ago, we went to Boston, where they had the Streets Ahead and Boston Main Street programmes. There, local businesses bought into something similar to

- BIDs. On the face of it, it looked good, but, when you talked to some of the businesses, you could see that it had its difficulties and problems.
432. Professor McGreal: I will start with the downsides. The first point we should make is that BIDs will not necessarily turn around a really failing town or city centre. There has to be a basis to work on. Do not expect BIDs to come in and deliver everything. Other complementary structures have to be in place. Some other possible downsides are to do with the displacement of activities. I know that, certainly in the American model, there were concerns about a BID operating very successfully and displacing certain users from one area of the city to another. That is something that you have to be very sensitive about. Indeed, Jim referred to, for example, the enterprise zone model of a number of years ago. Displacement effects, whether you are inside or outside that boundary, can be very important. We need to be sensitive about that in the wider scenario and in community planning, which you mentioned.
433. **Professor Berry:** Stan talked about not depending exclusively on BIDs. Other proposals are on the table for consideration; for example, tax incremental financing and enterprise zones. What you might begin to think about is having a number of initiatives rather than just simply exclusively business improvement districts trying to address the issues in our town and city centres. There are more and more structural issues and more difficult matters to deal with than the BIDs themselves can cope with. That is the attractiveness of the American model, and Boston has already been mentioned. That model has overlapping initiatives all trying to address one goal: the regeneration and facilitation of the high street. We have a fair bit of catching up to do.
434. I can make the Belfast City Council research available to the Committee, if you so wish. Basically, in 2006, we concluded that we should really move as quickly as possible towards bringing BIDs in. That was on the back of evidence that we were beginning to see in the case study analysis that we carried out for Belfast City Council. We looked at, I think, 15 case studies. We drew out evidence, positive and negative, and came to a conclusion that BIDs could work for Belfast City Council. The evidence is there and we can produce that for the Committee, if it is considered to be appropriate.
435. You mentioned RPA and the community planning aspect. We have been considering that, particularly with regard to the localism agenda in mainland UK, which is broadly similar to what you are saying about the community side. Localism is basically trying to give more power down to the communities and businesses, for example, and we would be part of that. The BID model sits very neatly within the context of the arguments that you are making — community planning, the review of public administration, etc. However, what the local authorities have to think about is what services will transfer through the baseline service agreements from the local authority to the BID management company. That is an issue. We have to realise that these are business-driven initiatives, and the BID becomes the vehicle by which services and so on will be delivered in future. You have to decide what transfers from the local authority across to the BID management team.
436. **Mr F McCann:** I have a couple of comments. This seems to be happening at a time when we are looking at giving more power back to councils. In this case, we are looking at removing some of the power from councils. How does that fit in with the likes of the local chambers of commerce and the local town or city management? It seems to be doing the same thing.
437. We have had a number of sessions, especially in and around town-centre regeneration, when we talked about how we populate, or repopulate in some ways, some of the towns, villages and cities to give them a live and vibrant atmosphere. I am going to be Belfast-

centric, because that is where I come from. The University of Ulster has plans for Belfast over the next number of years. This deals with non-domestic ratepayers but, in future, you could have thousands of domestic ratepayers living in the midst of a BID. What happens if there is a conflict between what is expected from domestic ratepayers and what is expected from non-domestic ratepayers?

438. **Dr Hemphill:** As we said, the BID deals with businesses only. There is potential for tension between residential and business when you start to set your objectives. However, again, for a BID to work properly at the consultation phase, there needs to be consultation with the local community to see not only how businesses can serve themselves in trying to create jobs and sustain income levels but how they can work with the local community. For any BID, we would advise that part of the proposal should be that it looks towards community engagement. As Jim said, there is the localism agenda in the UK. I do not know what stage it is at or what potential there is for it to come here; it is probably more through community planning. However, there is the potential to use BIDs because they will be a collective business voice and a mechanism to try to incorporate some of those wider community voices. It goes back to the fact that mainland UK has local strategic partnerships that are starting to bring businesses and local communities together. That sort of model could involve a BID as the vision for the area, but have that community input.
439. **Professor McGreal:** The successful BID will build upon existing structures. So, if you have a strong community traders' association, and so forth, that would provide a very strong foundation for a successful BID. The enhanced powers to local government could be quite favourable towards BID structures, and it would involve the BID company working with the local authority on shared services rather than any transfer of powers.
440. **Professor Berry:** Those are good points. We have a number of town-centre management schemes already in place in this jurisdiction. We also have voluntary BIDs. That is a tremendous stepping stone towards getting the statutory BID in place relatively quickly. It establishes a degree of maturity so that people understand them. They have been in existence for a long time in places such as Lisburn, Ballymena, Belfast, Derry, and so on. There is already a good understanding of town centre management schemes. BIDs are just the next stage of progression. In mainland UK, they started as pilot BIDs. Those pilot BIDs showed what could be delivered and they began to influence the wider agenda for the introduction of statutory BIDs.
441. **Ms P Bradley:** Thank you for your presentation; it was very interesting. My point follows on from what Fra said. I got the answers that I required, but I want to tease it out a bit more.
442. I looked through your examples of the activities. I am a local councillor in Newtownabbey. We have two towns — Glengormley and Ballyclare — as you will know. Of your nine examples, seven are already covered by the local council, and we have officers in place who can handle the other two. You are talking about transferring those responsibilities from the council to the BIDs. What incentive is there for a business owner to put more money into something that the council has already being doing for the past however many years? How do you convince a BID area to take that up? You will be saying to people, "We will transfer these powers over to you, but you will have to pay more." The council has already being doing it.
443. In Newtownabbey, there is a very strong relationship between the traders, the Chamber of Commerce and the council. We have meetings constantly — we will have another one tomorrow on the Glengormley revitalisation project. Every week, there is a meeting between the traders and local councillors to drive things forward. I just cannot understand what incentive there would be for

- business owners to take on these responsibilities. We already have the likes of crime prevention schemes, CCTV and the crisis management of civil disturbances. Next year's 12 July parade is in Glengormley, and we are already starting work on that. It is the local council that is driving that along with the Orange Order, businesses and whoever else.
444. If local councils are going to hand over some of these powers and take a step back, local representatives and MLAs need to be part of those talks. I am sure that most councils would love to say: "Be a BID; you deal with that and work through it, because that is something less for us to do." I just do not understand how we could sell it. We would be saying to businesses, "Here is a list of things that the council is already doing, and if you pay more, we will hand control of them over to you."
445. We are in the same position in Glengormley as the Chairperson outlined. Glengormley comprises charity shops and takeaways. It comes to life at 5.00 pm when all of the takeaways open. I just do not know how we could form a BID there, albeit that it would be wonderful if we could. When I was a child, Glengormley town centre was thriving with businesses; you had everything on your doorstep. Ballyclare is slightly different, but there is now very little in Glengormley to entice people into the town centre. How do we sell that? How do we make it look attractive to businesses to take on a lot of powers that council already has, plus other initiatives, and make them pay for it?
446. **Dr Hemphill:** We are not suggesting that councils that already do the activities on that list just hand them over to the BID and ask them to pay. When a BID is established in the first place, there will be liaison between the local authority and the BID businesses in developing the proposal and doing the consultation. You would then look at what is not being done, not what is being done. It is not really a case of saying, "These are the activities that we do. Which of these can the BID take over?" It is more a case of, "What can we do beyond the activities that the council always does that can take it forward? My list has a slight —
447. **Ms P Bradley:** I know that it is not exhaustive.
448. **Dr Hemphill:** Yes. These are just examples of certain initiatives that have not been done in mainland UK. That is not to say that it is the list of activities that you would think of introducing here, because, as you say, a lot of councils are already doing them. It is more about the process of consultation between your local authority and BID businesses to see what is needed in the area, what the priorities are for the area, and what we can try develop that goes beyond what the council already does; that is the additionality, It will not work if you just to try say, "Take this and pay for it." We perhaps need to give that clarification. It is not just that you hand those powers over. It is about the additional things that are not being done and that the BID will have a collective pot of money to try to bring forward.
449. **Ms P Bradley:** I do not know whether Fra made this point because I was busy reading. In your research, did you discover that there is a difference between our local authorities and those on the mainland? We are small and insular. All of our local councils are extremely "hands on". They are involved in everything. They are usually around the corner from the town centre, or the civic headquarters is based in the town. They are so accessible. I know that it is slightly different in mainland UK. Will the fact that local authorities here are so engrained in everything mean that there will be a big difference between BIDs here and those in the mainland UK?
450. **Dr Hemphill:** I would have thought so. It is not something that we have studied. We have not looked specifically at the local government structures and services provided by local government here. However, as you say, there are certainly big differences with the UK in respect of structure, size, remoteness and whatever. There may need to be a slightly different BID model here and certainly much more involvement

- between the local authority and BID businesses to try to see where additionality can be created.
451. **Professor Berry:** You have identified a really positive attribute. If that is the strength of your local authorities, you will then want to ask this question: what more can the businesses bring to the contribution that local authorities are making? At the end of the day, it is a partnership. You have to remember that it is a partnership. The BID will be looking for a business-led approach. If the local authority is already providing a very strong support base, that will really help to sell the BID, get the percentage votes up and make sure that the BID operates.
452. **Professor McGreal:** You are quite right, Jim. Indeed, in mainland UK, you see very strong partnerships between BID companies and local authorities. It is quite interesting that, in actual fact, some of the other revenue raised comes from the local authority. So, the BID and the local authority are working together: that is really important.
453. I go back to your very first question. You raise exactly the same issues that we heard 10 or 12 years ago when we started to look at BIDs in England and Wales. Exactly the same questions were posed then: how can we sell this to local traders who already get these services? What added value and benefits does this bring?
454. **Mr Douglas:** Thanks very much for your presentation. I have two quick questions. I imagine that the timing of the introduction is very important. Given the way things are at the moment with the economic downturn, is there such a thing as an ideal time, or can a BID be introduced and implemented at any time? Maybe an economic downturn is a good time to do it.
455. Government, statutory bodies and all of us love lines on maps. In my constituency, work has been done recently to try to improve some business areas. A lot of work was done on the streetscape. However, it stopped in the middle of a street. People in a housing estate there felt like second-class citizens in many ways, and we are trying to remedy that. They had very bad footpaths but, all of a sudden, the business area had some lovely streetscape in which nice work had been done.
456. **Professor McGreal:** Is there ever an ideal time to bring in any initiative? If you look at the presentation — [Inaudible due to mobile phone interference.] — we can see why there was a peaking around 2008, which was when the recession hit. Obviously, those BIDs were in the pre-planning stage. There are, nevertheless, still a lot coming through, and the number of new BIDs coming through rose slightly in 2011. The message is that, even though we are in the midst of an economic recession, BIDs are still being formed. Therefore, although the timing is not ideal, there is no reason why a good BID, based on the type of structures that we mentioned — strong local authority support and strong trader support — cannot work.
457. **Professor Berry:** The timing is interesting. I often think that, in a downturn, we need to plan and prepare for the beginning of the upswing. I imagine that it will take a little time for us to get through the legislation, get our guidelines structured and identified and have some transition towards setting up the BIDs. It will probably be 12 to 18 months before you see any real activity of moving towards the actual structures. I do not know what the property market and all those other things will be like in two years' time. However, perhaps the timing is good to at least look at the legislation and all the background material.
458. **Dr Hemphill:** Obviously, where a property is vacant, the levy is picked up by the property owner. It does not mean that there is not the potential for a levy to come in just because a property is vacant. There is still the potential of that income stream even in areas where there are a number of vacant properties.

459. **Professor Berry:** Presumably, income is still being generated with your voluntary BIDs. Therefore, you are trying build on that through the designation of your line. I do not know whether the Committee has done anything on this, but it might be useful to look at some of our town and city centres, do a little bit of financial modelling with a view to bringing 300 to 400 hereditaments together, look at a line that might constitute the BID area, look towards the rateable value that those 300 to 400 properties would generate and then look at 1% on top of that. We need to do the financial modelling to see what will and what will not work. We started to do a little bit of that in consultation with Lisburn and Belfast, but it is very much in the early stages. However, that would give us a lot of clarity as to what is pragmatic.
460. **The Chairperson:** I know of one or two examples in which local businesses have come together and are already doing a voluntary BID. A business community came together in one of the arterial routes, and it has made a contribution. A number of them are doing that. This is one of the organisations that the Committee would like to speak to. We will decide on that matter at a later stage. I think it would be a positive engagement, because that work is under way. We would like to talk to the traders who are doing that so that we can find out how much they are paying, how many are paying, and what they think are the benefits. They would argue around that counter-factoring, because they did not do that. I think that the economy as it is at the moment would have a much more serious impact on it. It is worth doing.
461. I have two points. Fra earlier mentioned the tension between out-of-town development and town-centre or high street developments, and Gregory raised it at an earlier meeting. Do you have views on that? Is that a counter-bid scenario or is it that that is the way that things are? The BIDs might speak for themselves and bring value to wherever they may be. However, as you know,
- there is ongoing tension between out-of-town development and city-centre or town-centre development.
462. My second point is that people have asked us about the relative start-up cost provided by the Department. Do you have any views on that? Is it a reasonable ratio or would additional funding from the Department make any difference. Obviously, no matter what the Department gives, local businesses will make a certain contribution.
463. **Professor Berry:** In-town development versus out-of-town development is a big issue facing us nationally and internationally. A number of quite interesting reports have been produced recently, particularly by the British Retail Consortium. I am not sure whether you have had a chance to see some of them, but they look at the whole future of the high street. We face big challenges in our town and city centres. It raises the question: what sort of future do we want to see for those town and city centres? Are they going to change? Are they going to offer a different service or profile? My view is that we really do need to control our out-of-town retail activities. I know that that may not sit comfortably with everyone, but I really do feel that we need to try to help facilitate the town and city centres.
464. This is a difficult one. We have a little bit of a weakness in that we do not have planning policy guidance for retailing. We really do need that.
465. Professor McGreal: What we are looking at is how we can make town centres attractive and how they can compete with out-of-town facilities. Some town centres have a lot of character and a lot to offer. If there were a BID structure, it could really help the competition between the town centre and out-of-town facilities.
466. The point was raised earlier about residents coming into town centres. Again, more people coming back to live in town centres will certainly be highly beneficial as we look more towards a mix of uses in town centres rather than

- simply retailing alone. If we could get an assemblage of different uses and bring people back into town centres, that would really help the vibrancy.
467. **Mr Campbell:** Further to the out-of-town issue, I can see a conundrum. Look at either existing or developing out-of-town centres, which tend to attract new businesses and may be more prone to more successful BIDs, precisely for the reason that people see that they are attracting new businesses and are vibrant and novel. Adjacent town centres — I am thinking of Londonderry, Coleraine and Strabane; those are just three in the north-west, there are probably another 15 — might say that their town-centre BID is not going to be able to compete with the out-of-town BID, for all the reasons that existing businesses are struggling to compete with those in out-of-town centres. The rationale for BIDs might actually compound the issue that you and I agree is the problem: that we need to control out-of-town development. You could have the position where BIDs exacerbate the problem rather than help alleviate it. Is that not the case?
468. **Professor Berry:** To be perfectly honest, I am not sure whether an out-of-town BID would work. You would probably be building it around a shopping centre. What would that BID look like? At least, in the town centre, you know what you are dealing with: you are dealing with businesses and 300 to 400 hereditaments. You can identify those in a reasonably straightforward manner. If you go out of town, what would that look like? Take the likes of Sprucefield. Would a BID there include all the major shopping complexes? Would they become the essence of the BID? There are maybe other examples you could look at, but I am not sure how that sort of BID would work effectively.
469. **Professor McGreal:** In essence, out-of-town centres probably already do this, because they are providing the services, the security and the marketing. In actual fact, out-of-town centres are doing this themselves as part of their activities or functions. That is what has weakened our town centres.
470. **The Chairperson:** What you are saying is that the very nature of the out-of-town development does not lend itself to BIDs. That is what you seem to be suggesting, and that probably makes sense to the Committee. I do not know whether there are any currently, of the 148 —
471. **Dr Hemphill:** No, not in mainland UK.
472. **Professor McGreal:** There are none; but the way that out-of-town centres market and promote themselves is, effectively, part of their structure.
473. **The Chairperson:** I appreciate that. It makes sense. It is interesting that there no out-of-town BIDs under way, yet there are 148 in total.
474. **Mr Douglas:** My second question is about lines on maps, but, first, you mentioned hereditaments a number of times. That sounds like a very painful illness. *[Laughter.]* I have no idea what it means.
475. **The Chairperson:** It could be very painful, if you are paying rates.
476. **Professor Berry:** My apologies. It is essentially a property.
477. **Mr Douglas:** My question is about lines on maps. Take Belfast city centre as an example. A tremendous amount of work has been done there, but some peripheral areas are, quite honestly, run down and need attention. Is it possible that those sorts of streets and areas could be excluded from a BID or is there some legal obligation that they would have to be included?
478. **Professor McGreal:** It comes back to where the boundaries are drawn. In the presentation, Lesley made the point that there would be probably a minimum of around 300 business properties in a BID. Look at Belfast city centre. There is the potential there for possibly a single BID or for different BIDs. For example, there could be a BID for, say, the entertainment zone in Belfast, including the Dublin Road, the Golden Mile area,

- and so forth. There could be another in the Cathedral Quarter. Potentially, there could be different BIDs in one city, or you might go for an overall BID.
479. **The Chairperson:** Geographical or thematic BIDs.
480. **Professor Berry:** That is a very important point you have made, Chair. Look at Birmingham. It has eight BIDs: an evening economy BID, a retail BID, an office BID, a mixed-use BID. It is a very interesting model. Birmingham is perhaps the best example of how a super BID might actually work, because it raises the question about the management structures you put in place for each of those eight BIDs. You have to have an overlying management structure.
481. **Mr Douglas:** I was thinking about the likes of North Street and Smithfield. I do not know how many hereditaments we would have there. Maybe you could have a special BID for those hereditaments.
482. **The Chairperson:** You can get treatment for that type of thing nowadays. *[Laughter.]*
483. **Mr Douglas:** I was just trying to impress you.
484. **The Chairperson:** You are doing that already. You said that word three times. *[Laughter.]* As no other members have indicated that they would like to speak, I thank you for your comprehensive presentation and very elaborate answers to the questions people have put. That information will be very helpful to us in our deliberation of the BIDs Bill. Thank you very much indeed.
485. **Professor McGreal:** Thank you.
486. **Professor Berry:** If there is anything we can do to help you with additional information, please ask, and we will try our best to do that.
487. **The Chairperson:** I think that you already agreed, in response to Fra, to provide information about the work for Belfast City Council. We are really only returning to the BIDs Bill now, so we will be getting well into that today and will make some decisions. Thank you for that offer. I have no doubt that we will avail ourselves of that. Thank you very much.

28 November 2012

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 Sammy Douglas
 Mr Mark Durkan
 Mr Fra McCann

Witnesses:

Mrs Gail Cheesman *Department for Social
 Development*
 Mr Henry McArdle *Development*
 Mr Antony McDaid

488. **The Chairperson:** Thank you for being here. If you do not mind, will you give us a summary? We heard quite a bit this morning, so I ask you to recontextualise the Bill, without necessarily going into all the detail.

489. **Mr Henry McArdle (Department for Social Development):** Thank you very much for the opportunity to brief you again on the Business Improvement Districts Bill. We will shortly be considering the stakeholder comments in more detail. We will provide the Committee with a brief recap on business improvement districts (BIDs) and what we are aiming to achieve in the BIDs legislation, and perhaps clarify some points.

490. As we heard this morning, a business improvement district is a geographical area within which the businesses have voted to invest collectively and propose to improve their trading environment. In simple terms, that is a pooling of resources to deliver an improvement plan that is business-led. That is very important. That is fundamental to any BID scheme. It is by business for business, and schemes will not work if government is seen to be imposing them.

491. BIDs provide a great opportunity for local businesses to work together and with their local council on having

a say in what additional services or amenities their area needs to attract more business into it and on drawing up a plan to provide those services. It is a way for traders to help themselves. The key thing is that the BIDs Bill provides a statutory basis on which to go forward. Up until now, we have had some examples of voluntary BIDs, which have relative degrees of success. The fundamental thing is that only those who will want to pay will pay. Some people will not pay, but they will still benefit from the improvements in the area on the back of somebody else's levy. That is seen as not fair. It will put us on the same footing as England, Wales and Scotland, which already have BIDs legislation in place. In drafting the BIDs Bill for Northern Ireland, we have drawn very heavily on what is already in place in England, Wales and Scotland, with the aim of having a consistent approach across the UK.

492. The Bill is designed in such a way as to be flexible enough to allow local discretion and the development of local solutions. That is a key element, because no two BID areas have the same issues, the same problems and the same solutions. We have noted the submissions that have already been made to the Committee by a range of bodies: the Association of Town Centre Managers (ATCM); the Northern Ireland Independent Retail Trade Association (NIIRTA); the Northern Ireland Retail Consortium; the Northern Ireland Local Government Association (NILGA); local councils; and others. We have also taken account of the very interesting presentation this morning by Professor Berry, Dr Hemphill and Professor McGreal.

493. Although some issues have been raised, and some were also raised this morning, it appears to the Department that all those who responded to the consultation and those submitting

- evidence broadly support the Bill's principles.
494. In closing, we believe that there is overwhelming support for the Bill. We have provided the Committee with a detailed response to the stakeholders' comments, and my colleagues and I are happy to discuss those in more detail now, and we will take any further questions that the Committee may have.
495. **The Chairperson:** OK. Thank you very much for that. Do members have any views before we go into the clause-by-clause consideration? Does anybody want to raise anything on the back of what Henry said? I want to try to establish timings.
496. **Ms P Bradley:** There is a photograph for Committee for Health, Social Services and Public Safety members at 1.45 pm.
497. **The Chairperson:** How many members are going?
498. **Ms P Bradley:** Three of us.
499. **The Chairperson:** That leaves four of us here.
500. **Ms P Bradley:** I will stay. You two go.
501. **Ms Brown:** Can the Committee continue but just not make any decisions?
502. **The Chairperson:** It can.
503. **Ms Brown:** It will be for only a short time.
504. **The Chairperson:** I appreciate that but I am trying to think beyond that. I want to be away for 3.30 pm, if possible. Is anyone else governed by time? Do you have to go at some point, Mickey?
505. **Mr Brady:** I have to go to the Health Committee at 2.00 pm.
506. **The Chairperson:** Can we be quorate at 3.30 pm? I want to be away by then.
507. **Mr Brady:** The Minister is coming to the Health Committee.
508. **Ms P Bradley:** I want to go to the Health Committee at some stage for a short time to get signed in, but I will come straight back. We have another three members on that Committee anyway.
509. **The Chairperson:** We will struggle for a quorum around that time, so can we say that we are going to work until 3.30 pm?
510. **Mr F McCann:** I have to go at 2.10 pm. I have prearranged meetings.
511. **The Chairperson:** Can we say that, at the latest, it will be 3.30 pm, and if we lose the quorum before then, so be it? I appreciate that members are on other Committees. It is just one of those things. In fairness to members, when we were doing the Welfare Reform Bill, members were focused, had told their parties and were more or less excused from doing other work. Now that you are back into this, probably a bit less is expected of you. We will have to work with what we can today, and let us work until 3.30 pm, if possible. If we cannot, so be it. We will then return to this in a more focused way.
512. **Ms P Bradley:** We are going down for a photograph, and I will come straight back after if others are going to the Health Committee.
513. **The Chairperson:** Thanks very much.
514. We will work our way through the Bill, clause by clause. You have the table in the members' packs. From what Henry has outlined and from this morning's presentation, the response has been, for the most part, quite positive. We want to take other evidence and seek out other views from businesspeople who might elaborate on some of the points and concerns that have been raised.
515. **Mr McArdle:** Would it be useful to the Committee if we were to pick out a number of the key issues that seem to have been recurring throughout the process? Some of them were raised this morning, and some of them feature heavily in the table, along with some pretty minor stuff. That might be more useful.
516. **The Chairperson:** Either you can make a straight presentation, or we can go through it clause by clause, which

- means that we ask whether members have an issue to raise. If they do not, we will move on to the next clause. For the Welfare Reform Bill, we had departmental officials explain what clause 1 was about, and if everyone was happy enough, we moved on. If a member had a question, the officials took it.
517. **Mr Antony McDaid (Department for Social Development):** This is not formal clause-by-clause scrutiny, yes? It is just consideration of the comments.
518. **The Chairperson:** At the minute, we want to make sure that everyone is clear about what the Bill is about, clause by clause. For example, clause 1 is about BID arrangements. There may not need to be a lot of discussion on some of the clauses, and there probably will not be, so it may be better to work through the table.
519. **Mr McArdle:** That is fine.
520. **The Chairperson:** On the previous occasion, we did not have all the same paperwork. Do you have the table?
521. **Mr McDaid:** Yes, we have the table.
522. **The Chairperson:** On clause 1, there are views from Ballymena Borough Council, Belfast City Council, NILGA, Cookstown District Council and Coleraine Borough Council. The table shows the Department's responses. If you think that there are any issues covered in the Department's responses that need to be further cleared up, please address that. We will then draw breath, and if members have a view on that, you might wish to clarify something. This is about understanding what the Bill is about.
523. **Mr F McCann:** I have a question on the back of one that I asked this morning. The idea of setting up BIDs raised its head initially at the height of an economic boom, and we are now at the other end of that, with the impact that that has. I notice that Ballymena Borough Council talks about themed BIDs. How does that impact on the general BID area, especially if the council is talking like that? Belfast City Council says that its guidance on the development of BIDs is not clear. Does anyone go and talk to the council about that? I raise Belfast, and I raised Newry, because, as others said, a number of organisations are already working to what can be seen as a BID remit. In Belfast, there are probably three or four different organisations. How does it impact on them, and if the council does not buy into BIDs — it says there that it is not clear — where do you take it from there?
524. **Mr McArdle:** On your point about other organisations, this sits very well with organisations such as chambers of commerce, city centre management, and all that. It works well in those contexts in other jurisdictions. Recently, we visited Scotland. We talked to the people who are involved in BIDs: the local council, the BID proposers, and whoever. The local chamber of commerce carries out a co-ordinating role across a number of BID areas. It does work very well. It is not stepping on anybody's toes. It is basically a group of businesses getting together with their local council and deciding that they want to do something over and above the norm in their area and are prepared to pay a levy to do that.
525. **Mr McDaid:** The Bill is enabling legislation. There will be more detail in the regulations produced as a result of the Bill, and obviously there will be departmental guidance. Belfast City Council is saying that, from the Bill itself, it is not clear, in great detail, exactly what its roles and responsibilities will be. However, that is something that will be developed as the legislation progresses.
526. As Henry mentioned earlier, the Bill is very heavily based on existing legislation in Britain and in the South. A similar format was used. The council's roles and responsibilities will not be included in the Bill but will be detailed and made clear in the regulations and guidance, which will be developed in consultation with local councils and any other key stakeholders.

527. **Mr F McCann:** I know that you said that it is an enabling Bill, but, believe me, if you heard the discussion this morning, you will know the problems that we are having dealing with an enabling Bill for welfare reform. Nobody knows what is coming down the road in the regulations.
528. Ballymena is talking about a themed BID, while Coleraine talks about it being sensible to clarify the other agencies involved. Department for Social Development (DSD) town centre regeneration is working away. You have chambers of commerce, traders' organisations, local councils and I do not know how many other organisations. Tell me this: would it not have been a better idea, as I was going to suggest earlier, to get them all into a room, tell them what BIDs are about and what we want to do, then get a general agreement, instead of moving ahead the way in which you are? It seems to me that even those who support BIDs have given them qualified support.
529. **Mr McArdle:** That is what we are suggesting for the development of the next stage of this. The primary legislation is equivalent to what is happening in other jurisdictions. We then want to develop regulations and guidance appropriate for this area. We need to do that in close consultation with city councils and chambers of commerce. We have already had discussions with a number of organisations, including NIIRTA and ATCM. They are fairly clued in to what BIDs are all about. It is getting the message out to others that is a job of work.
530. **Mr McDaid:** Even in the initial consultation on our policy proposals, we made it quite clear that the detail would come in the regulations. In submissions received from all the interested stakeholders that you mentioned, they appreciated that. Obviously, they do not want us to be too prescriptive in the primary legislation because that does away with the element of flexibility that is needed to allow BIDs to work across different areas. We did engage with councils. We met them and took on board their views. We have gone through that process.
531. **Mr Durkan:** I want to follow on from Fra's point about the impact on existing organisations, such as city centre initiatives or other traders' associations to which their members will contribute. Under BIDs, they will have to contribute; it is mandatory for people to make a contribution. Therefore, I think that an impact on other organisations is inevitable. If businesses have no choice but to pay into a BID, and then ultimately cannot afford to pay into both, the original organisation will wither.
532. **Mrs Gail Cheesman (Department for Social Development):** The key thing about the contributions is that if members who are being balloted for the BID do not think that it would be worth the extra money, they will vote no. Although you are right in saying that if the BID has a successful vote, it will be mandatory to pay, an awful lot of consultation and discussion needs to go into making sure that the package put forward for proposal is something that people see a value in. Then, they will say that, despite times being a bit hard, they will pay their £300 or £400, or whatever it turns out to be. They will see that they will get at least those benefits back, if not more. People will have to make that assessment. That puts a lot of onus on the people putting forward the proposal to show why it is worthwhile and will work. People will essentially vote with their pockets by saying no if they do not think that the extra money that they are being asked to pay is worthwhile. Nobody can force the BID to go ahead if it does not get support from the business owners who are being asked to pay.
533. **Mr Durkan:** The support from what percentage of the business owners?
534. **Mr McDaid:** The majority of the people who vote. It depends on how many turn up.
535. **Mr Durkan:** Fifty-one per cent?
536. **Mr McDaid:** Of the people who turn out to exercise their vote.
537. **Mr McArdle:** The key point is that people may vote against this but be unsuccessful. They will then have to pay. That is mandatory. Surely the key test

- of this is that the percentage of those who have gone for renewal after five years has increased, with an increased majority. The proof of the pudding is in the eating. People will not vote for something that is not working. I go back to an example that I may have referred to on a number of occasions. In the business improvement district that we visited in Scotland, we met one person who had voted against its introduction. She said that she had voted against it because she did not see any benefit in it for her. She had been vociferous in her opposition to it at the meeting. The vote went against her, so she had to pay. She said that if she had to pay, she would see what was involved. She is now the chairperson of the board and has turned her opinion around completely because she can now see the benefits. The job is selling it to people. It is not our job to do that, necessarily. We can put the legislation and mechanisms in place to bring it forward. However, it will be sold by businesses talking to other businesses — through businesses saying that they have done it and it is working.
538. **Mr Durkan:** It will also be our job to sell it. In the current climate especially, I do not know how easy it is going to be to sell another Bill. It is positive, and we should be extremely positive about any step to help our businesses and town and city centres. I just ain't feeling it.
539. **Mr McDaid:** You raised another point about existing organisations, such as town centre management groups. They will tend to be the types of organisations that BIDs will develop from. It is not about replacing that role; rather, the role will probably evolve into a BID partnership.
540. **The Chairperson:** A couple of other members want to come in. I just need to remind members that we are not actually discussing whether it is a good or bad Bill. We are trying to understand what the Bill provides for. On the basis of other evidence that we take, including from some businesspeople and others, we will then make a judgement as to whether it is a good idea. Today is about understanding what the Bill provides for. It is a mechanical — albeit very important — exercise that we are going through. On that basis, I will let Fra back in briefly, then Mickey. Bear in mind that it is not a debate about the Bill.
541. **Mr F McCann:** It seems to me that councils have some concerns. Belfast City Council talks about the service level agreements that it has and that they may not run over the five years of the BID.
542. **The Chairperson:** Where are you, Fra?
543. **Mr F McCann:** On page 8 of the table.
544. **The Chairperson:** We are on clause 1.
545. **Mr F McCann:** This is on clause 1, Chair.
546. **Mr McDaid:** No, it is on clause 4.
547. **Mr F McCann:** I am away ahead of myself.
548. **The Chairperson:** You are away ahead. We want to work through clause 1. Again, let me remind members that all that we want to do is establish that we understand what clause 1 is supposed to do. Do not worry about whether it is a good thing or a bad thing. Worry about whether you understand what it is supposed to do. That is all that we are trying to do today. When we reach clause 4, we will come to page 8.
549. **Mr F McCann:** The general point I am making on clause 1, and this runs through the Bill, is that there seems to be a general misunderstanding of what BIDs are about and the impact that they will have. Each clause seems to be lacking that selling point. Mark touched on that. What happens if a council says that it is not buying into this? If legislation is already in place, there is nothing they can do about it.
550. **Mr McArdle:** The bottom line is that they do not have to buy into it. There is a misunderstanding here that the council in every area has to buy into BIDs and has to have a BID in their area. Some councils may feel that the arrangements that they have in place at the minute, such as city centre management teams or whatever, are sufficient for their area. It is only for those businesses that

feel that their area could be enhanced somewhat or could be separately marketed to improve the look of the area, and maybe they are not getting that from their council. Their council may well provide a good level of service, but maybe they want more. Those are the areas that will see the benefits of this and will put their own money into it to make it happen.

551. **Mr McDaid:** Businesses will engage with their local councils and say that they would like to use the BID tool. Obviously, councils will want to improve the whole area, and if a BID is going to improve a particular part of their area, it should be seen as a positive thing. If elements in the Bill conflict significantly with plans that the council already has, they might see it as not the way to go, but it is a piece of legislation that is there to be used if somebody wants to use it, and it will be developed through partnership between local businesses and local councils. Both sides will need to be on board.

552. I take the point that you are saying about the responses from the councils. It is probably more about clarity around what their roles will be in the process in respect of the ballot arrangements, handling the money and stuff like that, but all that will be detailed in the regulations and will be consulted on fully with the councils.

553. **The Chairperson:** Are we happy enough that we understand what clause 1 is trying to do? Whether people take it up or not is a discussion for a separate day. In a way, we have covered it because Paula raised it earlier about Newtownabbey or Glengormley. If something has already been done, why would somebody else want to do it again? I presume that people would overwhelmingly say, "I am sorry, but that has already been done". Mark said that it might impact on some other project. The question for people who are proposing a BID is whether there will be support for it. If there is support for it, that provides double protection. I am not advocating; I am simply saying that our job is to satisfy ourselves that we know

what clause 1 is about. That is all that we need to know.

554. **Mr F McCann:** I understand what you are saying, but we also need to know whether the thing is going to work.

555. **The Chairperson:** I am not disputing that, but that is another discussion. We need to understand what clause 1 provides for. If we understand that, we will have a discussion on another day about whether it is going to work. I presume that we will take other evidence, and on the basis of all the evidence, as well as our own judgement, we will decide that this is what it provides for, but it will not work, so we are not going to support it. On the other hand, it could work and we will support it, or it could work but it needs to be changed. It will be up to us to deliberate on that in due course. This is just a process that we are going through to understand what the provision is in the clause.

556. **Mr F McCann:** I accept what you are saying, Chair, but all I am trying to do is to seek information on the basis of what is in front of me.

557. **The Chairperson:** Absolutely. Are we happy enough that we know what the clause is?

558. **Mr F McCann:** We might know, but it appears that a lot of people out there do not.

559. **The Chairperson:** That is an entirely valid point, but it is not contained within the clause, if you know what I mean. Are people happy enough that we know what clause 1 is designed to do?

Members indicated assent.

560. **The Chairperson:** Clause 2 relates to joint arrangements. We have a number of comments raised by people, and the Department's responses to that. Are there any comments from your own end that you need to make?

561. **Mr McDaid:** It will be set out in regulations that if there is a proposal for a BID to cross two council boundary areas, it will be around making somebody responsible — a lead council will take

- it on board — and things like that. So it will be detailed in the regulations.
562. **The Chairperson:** Are members happy enough that we understand that?
563. **Mr Durkan:** Yeah, yeah. That is OK.
564. **The Chairperson:** If you are not, we can come back to it.
565. **Mr Durkan:** I am thinking of where one BID crosses, for instance, council lines. What if we had two separate BIDs in separate councils that then become one council? The only thing to differentiate those BIDs initially may have been the fact that they were in different council areas.
566. **Mr McDaid:** Are you thinking about what would happen if RPA went ahead? They would just be two separate BIDs in the new council area.
567. **Mr McArdle:** The example we visited was of three BIDs in the same council area. One council was responsible for the three of them and, in fact, they shared resources across the BIDs.
568. **The Chairperson:** I presume that you could have two separate BIDs in two currently distinct council boundaries, which then subsequently merge, with neither of those BIDs having council involvement. That could happen.
569. **Mr McDaid:** In this particular clause, we have picked up and improved on the English legislation. They have actually had to put an amendment into their legislation. They are looking to promote tourism BIDs, which have a larger geographical scale. Their existing legislation did not allow them to have BIDs between two local authority areas. The legislation had to be amended. Clause 2 in our legislation covers that. If there was a thematic BID, around golf or whatever, that would obviously cover a number of council areas. The Bill allows for that to happen, and allows the Department to make regulations about who would take the lead role among the councils.
570. **The Chairperson:** OK, fair enough.
571. **Mr Douglas:** Guys, thanks to the team for the presentation. What about the border counties? Some councils collaborate on tourism stuff as well. Is there an opportunity, say, if two councils wanted to work on a cross-border basis?
572. **Mr McArdle:** Not in our legislation. There are certainly BID arrangements in the Republic of Ireland. There are two BIDs in place, one in Dublin and one in Dundalk, but BIDs have not been widely taken up, for whatever reason. There is no provision for that in the Bill. This legislation covers Northern Ireland.
573. **Mr Brady:** To follow on from what Sammy said, in Newry, we had an influx of people, and still do, although maybe not to the same extent, and the bridge is going to be a tourism issue. The point was made this morning, in the presentation from the University of Ulster, that shopping centres are stand-alone. Newry is unique in one way — you know Newry as well as I do — in that the two shopping centres are not out of town, as such. Yet that is to the detriment of Hill Street and Monaghan Street. When you talk about businesses buying in, it seems to me that there is a real opportunity there for what Sammy was talking about. You mentioned Dundalk. Dundalk has suffered greatly from people coming across the border. There is an issue around the Ring of Gullion and the Cooley Mountains. There was talk of geoparks and all that kind of thing happening. There might be an opportunity there.
574. **Mr McArdle:** There is nothing to say that a BID in Newry could not co-operate with a BID in Dundalk, and have an arrangement, but —
575. **Mr Brady:** There is a memorandum of understanding between the two councils, which again —
576. **Mr McArdle:** There are obviously benefits in connectivity. What I am saying is that we cannot legislate here for levies to be imposed upon businesses in Dundalk, or vice versa.
577. **Mr Brady:** That would be between the two.

578. **Mr McArdle:** Arrangements could certainly be put in place.
579. **Mr Brady:** It would make sense, in some ways.
580. **Mr McArdle:** It would make sense.
581. **The Chairperson:** That is helpful. That is an important area. I do not know about the second BID project in the South, but I was told that in the Dublin BID, unlike in England or elsewhere, where the average number of Sammy's hereditaments is between 300 and 600, there are 3,500 hereditaments.
582. **Mr McArdle:** That is massive.
583. **The Chairperson:** Dublin has clearly said that it should have had a number of BIDs within that. Obviously, cross-border collaboration is very, very important. Are people happy enough that we understand clause 2?
Members indicated assent.
584. **The Chairperson:** We move on to clause 3. We have a lot of comments. Is there anything that the Department needs to elaborate on, apart from the comments that are there?
585. **Mr McArdle:** Not really. This is to allow for others to contribute towards the BID. We have seen evidence to suggest that a lot of the BIDs are able to secure funding from other sources. By the very fact that they are a collective and they have a bit of clout, they are able to apply for funding and generate it from other sources. This is to allow that to happen. It is not just, necessarily, the money that they collect from their own BID levy; they can supplement that with whatever money they can secure from other sources.
586. **Mr McDaid:** That would include voluntary contributions from landlords and property owners and things like that. As was said in the presentation this morning, as the BID grows, that element of additional funding tends to grow as well. This provision allows for that.
587. **Mr Douglas:** I have a very quick question. We are not just talking about money; it could be resources such as personnel, management, etc?
588. **Mr McDaid:** Absolutely.
589. **The Chairperson:** If members are happy enough with that and understand it, we will move on to clause 4. Is there anything that you want to add that? No? Again, the detail on this will be in the regulations. No one wants to raise anything. OK then, we are happy enough to move on to clause 5, BID proposals. Is there anything required here? No one has anything additional to that. OK, it is not compulsory. We will move on, then, to clause 6, entitlement to vote. This is one of the issues that has been raised on a number of occasions. Are members happy enough that they understand the business of entitlement to vote?
590. **Mr Douglas:** It is just the question that I asked earlier. What about, say, the living over the shop scheme, and tenants as well? They would be stakeholders.
591. **Mr McDaid:** It is restricted to non-domestic.
592. **Mr Douglas:** That is a big sector in some of these areas.
593. **Mr McDaid:** Yes. Obviously, the BID proposers could mention to the residents of the area what they are looking to do with it. However, residents would not be required to pay any levy or be entitled to vote.
594. **The Chairperson:** I presume that that is an issue that we would want to take up. I do not know the proportion, and I cannot identify a location. However, there may well be locations where the business community might want a BID, but that could be in stark contrast to the wishes of residents there. It probably is something that we need to return to at some point.
595. **Mr McArdle:** Again, harking back to the example that we saw, there was something like 150 businesses in this area. Effectively, it was a big street. However, right behind it and surrounding all that was a big community of residents. They were brought into this from the

very start. They were not able to vote and they were not able to contribute to the levy, but they were a part of the whole process. They are still part of the process, in that there are things like loyalty cards for people who shop in the area. Residents are involved in all the marketing events and farmers' markets and things like that. So they are fully brought into the process. That is an important issue. You cannot just ignore residents who are not shopkeepers or whatever. You have to look at everyone in the geographic area.

596. **The Chairperson:** OK. We will return to that. We understand what the clause is.

597. We are happy enough to move onto clause 7, then. This is about a ballot. Again, members may well understand this. If they do, we will move on. Are people happy enough with clause 7 and the implications of it?

Members indicated assent.

598. **The Chairperson:** Clause 8 is about approval in the ballot, and alternative conditions. Are members happy enough that they understand the provision?

Members indicated assent.

599. **The Chairperson:** Clause 9 is about power of veto.

600. I will just move as swiftly as I can, if there are no indications to the contrary. All right, then?

Members indicated assent.

601. **The Chairperson:** I move on to clause 10, 'Appeal against veto'. Are members happy enough with that?

Members indicated assent.

602. **The Chairperson:** Clause 11, "Commencement of BID arrangements". Clause 12, "Imposition and amount of BID levy". Are members happy enough?

Members indicated assent.

603. **The Chairperson:** Clause 13 is "Liability and accounting for BID levy". Clause 14 is "BID Revenue Account".

Members indicated assent.

604. **Mr Douglas:** Any chance of going a bit faster, Chair? *[Laughter.]*

605. **The Chairperson:** You were not supposed to notice. I said that I would move swiftly on unless I got indications to the contrary. Please stop me if you are not sure. As soon as we hit the number, let me know.

606. **Mr Brady:** Sammy's hand-to-eye co-ordination is not what it used to be.

607. **The Chairperson:** All right. Where were we? Clause 1 — are you happy, Sammy? *[Laughter.]* Can we go to clause 15, please? This is about "Administration of BID levy etc." Happy enough?

Members indicated assent.

608. **The Chairperson:** Clause 16, "Duration of BID arrangements etc." This is the five years, is it not?

609. **Mr McDaid:** Yes.

610. **The Chairperson:** Clause 17 is "Regulations about ballots". We will come back to those regulations in the Committee and the Assembly for consideration. Are you all happy enough about that? It is about the mechanics of the ballot.

611. **Mr McDaid:** It is just the process of issuing ballot papers, the time frames and how people go about voting.

612. **Mr Brady:** Can I just ask, is there a time line for what has to be implemented once the ballot is done? I am just thinking —

613. **Mr McDaid:** Once the ballot has been proven to be successful, usually the mechanism would be —

614. **Mr Brady:** There is no set time? I was just thinking that the logistics of setting something up in some areas may take longer. We talked earlier about uniformity.

615. **Mr McDaid:** Obviously, that would be in the regulations, and we are still working on them. There will probably be an element that they must be in place

- within so many days — 30 days or a number like that.
616. **The Chairperson:** I presume that once the process has started and it is validated and the ballot has been taken —
617. **Mr McDaid:** Yes, but you do not want it waiting until 12 months later.
618. **Mr McArdle:** There will be a timescale. I cannot recall what it is, but there is a timescale.
619. **Mr Brady:** I am not asking you to give us a definitive timescale, but it would make sense to have a time line.
620. **Mr McArdle:** It will be very clear, when people are voting, what they are voting for in what fund the levy is going to create, on what days an individual will have to pay and when it is proposed to kick-start that. I imagine that most of them will start at the start of the financial year.
621. **Mr Brady:** It could lose impetus if it is not done within a relatively short time. That is my point.
622. **Mr McArdle:** Absolutely.
623. **The Chairperson:** OK. So members are happy enough with that, then?
Members indicated assent.
624. **The Chairperson:** On to clause 18, “Power to make further provision”. It is just to allow for further flexibility.
625. **Mr McDaid:** It allows for any additional regulations.
626. **Mr Brady:** We are at clause 19, Sammy.
627. **The Chairperson:** All members happy enough with that then?
628. **Mr Douglas:** Just with reference to 19 here, it says:
“The Department considers the provisions of the Bill to be compatible with ... Human Rights”
629. **Mr McDaid:** That is paragraph 19. It is not clause 19.
630. **The Chairperson:** Go ahead, Sammy. What is it?
631. **Mr Douglas:** I was going to suggest that we set up an Ad Hoc Committee.
[Laughter.]
632. **The Chairperson:** Were you looking to clear up something, seriously?
633. **Mr Douglas:** No.
634. **The Chairperson:** We have just agreed clause 18, “Power to make further provision”, and we are moving on to clause 19, “Further provision as to regulations”. That is on page 40. The page number is at the bottom of the page. It is in black and white. Letters.
635. Sammy, I just want to check that you are working off the clause-by-clause table.
636. **Ms P Bradley:** I do not know what Sammy is looking at. He has two papers there.
637. **Mr Douglas:** Antony gave me this.
638. **Mr McDaid:** It is the explanatory memorandum.
639. **Mr Douglas:** I am using inside notes.
640. **The Chairperson:** The explanatory memorandum is very helpful, but we are trying to work from the clause-by-clause table in your Bill folder.
641. **Ms P Bradley:** He is using both.
642. **The Chairperson:** You are multitasking.
643. **Mr Douglas:** I am using both.
644. **The Chairperson:** Fair enough. The clause-by-clause table is designed to give people’s responses and the Department’s responses to those. Clause 19 is “Further provision as to regulations”. There are comments there from Armagh City Council and others, and the Department’s response. Does anybody need further understanding of that?
645. **Mrs Cheesman:** All that that is saying is that most of it is subject to negative resolution but that certain parts are subject to draft affirmative resolution in order to allow for more scrutiny. That is really the purpose of that clause.

646. **The Chairperson:** OK, fair enough. Are members happy enough with that?

Members indicated assent.

647. **The Chairperson:** On to clause 20, “Crown application”; there is nothing on that. Clause 21 is “Interpretation”; there is nothing on that. There is nothing on clause 22 either.

648. You can see that there are other comments from written and oral evidence. Those do not relate to specific clauses as such; it is more of a generic commentary. You may want to take a few minutes to read through that.

649. **Mr Durkan:** There is nothing on interpretation, but what does interpretation mean here?

650. **Mr McDaid:** It just gives meaning to certain words used in the legislation, so you can say what it means or refers to; for example, “non-domestic ratepayer” as referred to in another piece of legislation.

651. **The Chairperson:** Is that in the Bill?

652. **Mr McDaid:** Yes, interpretation will be a clause that gives an explanation of phrases and terms used in the Bill.

653. **Mr Durkan:** It got me thinking. I am thinking more about translation than interpretation. Sammy inadvertently came across something on human rights and equality. Say, for example, that there are business owners in a BID whose first or chosen language is not English, and the BID publishes a leaflet saying how great the area is. Say, for example, this Polish shop was in the BID, and they say that they need the leaflet to be done in Polish. Are they protected? Will they have to get what they want?

654. **Mr McArdle:** I do not know the answer to that, but I suspect not. However, the fundamental principle of BIDs is that the proposers have to convince people that their proposals are right. If there are people in the area who feel that those proposals are not right or are unfair, they can go to the council. The council has a role in determining whether they can approve the proposals before they

go any further. The council has a power of veto. One situation in which it may well want to exercise that veto is if it thinks that the proposals are unfair to a section of the business community or individuals within that business community. That will be part of the ongoing discussions. If certain elements in an area have strong views and want to express those views, that is the mechanism by which all those issues are thrashed out.

655. **Mr McDaid:** As part of the process of putting a proposal to ballot, they have to submit the detail of the consultation that they have carried out with businesses in the BID area. So, things like that will be picked up. If there are a number of businesses whose owners’ first language is not English, they might produce the leaflets in their own language. However, that is not something that will be covered in the primary legislation.

656. **Mr McArdle:** We expect that those issues will be handled at a local level and will not need to be legislated for.

657. **The Chairperson:** Are you happy enough with that, Mark?

658. **Mr Durkan:** Yes.

659. **The Chairperson:** OK. There are a number of other paragraphs setting out issues raised and the Department’s responses. Has the Department considered any amendments that it might want to make to the Bill?

660. **Mr McArdle:** No, not at the moment.

661. **The Chairperson:** OK; fair enough. Are members happy enough then? We have clarified what the Bill is about and, on that basis, have concluded this agenda item. I do not think that we need to prolong the meeting any longer than needs be. People have other work that they want to go and do.

29 November 2012

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 Mark Durkan
 Mr Fra McCann
 Mr David McClarty

Witnesses:

Mrs Gail Cheesman	<i>Department for Social</i>
Mr Henry McArdle	<i>Development</i>
Mr Antony McDaid	

662. **The Chairperson:** I remind members that we are reviewing the Business Improvement Districts Bill in the context of what we have heard from stakeholders and the responses that we heard yesterday from the Department. We have sought to identify a range of issues that we have with a number of clauses and are seeking to identify appropriate action to recommend to the Department. There are a couple of documents to work from in your tabled items folder. The Committee Clerk has prepared a paper highlighting the key issues raised and how members might want to consider the way forward. The paper has been prepared on the back of the conversation yesterday. In your packs, you will find a clause-by-clause table. It highlights the concerns of the stakeholders and suggested amendments and departmental responses. Members should read that in conjunction with the Committee Clerk's paper that was tabled this morning. Are members content that we work through that paper, along with the clause-by-clause table?
663. I thank Antony, Henry and Gail for being here to support us this morning. You will know that we worked our way through the clauses yesterday, using the clause-by-clause table. Have you copies of that?
664. **Mrs Gail Cheesman (Department for Social Development):** Yes.
665. **The Chairperson:** Clause 1 is about the arrangements with respect to business improvement districts (BID). The Committee Clerk has provided a suggested way forward. I remind you that this is not definitive. If, as we work our way through this, members want to add something different or suggest something else, feel free to do so.
666. The paper on issues for consideration states:
- "The Committee may wish to recognise the broad support for this clause but ask the Minister to provide reassurance that the role and responsibility of the district council is made clear and unambiguous in the regulations."*
667. That might apply to anybody's role, for that matter. This is not the formal clause-by-clause decision-making session; this is just to keep us focused on where we are. Are members happy enough?
668. **Mr Durkan:** I have given a number of questions asked by us as a Committee around that yesterday. So, obviously, as it stands, it is not that clear or unambiguous.
669. **The Chairperson:** OK. Are members happy enough with that suggested way forward?
- Members indicated assent.*
670. **The Chairperson:** The paper has suggested that we might want to get written clarification on clause 2. I think that you referred to that, Mark, as did Sammy, with regard to the cross-border issue.
671. If members are happy, we will move on to clause 3. Are there any issues with clause 3? The paper suggests:
- "The Committee may wish to recommend that the Department reviews the work of*

- BIDs academies and how they contribute to the development of BIDs expertise to provide support to the development of BIDs with a view to helping establish such an academy here.”*
672. **Mr Douglas:** I would like Henry to remind us whether the Scottish Parliament put money towards its BIDs.
673. **Mr Henry McArdle (Department for Social Development):** It did, yes. It put in money at the initial stage, and it is still providing some funding for set-up costs and support arrangements.
674. **Mr F McCann:** How much does the Scottish Parliament provide? Most organisations that are starting off need that injection of resources or finance to allow them to get off the ground. Do you see a similar situation here?
675. **Mr McArdle:** Obviously, the decision would be for the Minister, and the Minister has committed to looking at the arrangements in other jurisdictions. In Scotland, a start-up fund grant of £20,000 is available. Until recently, there was no start-up funding available in England or Wales, but both of those are reviewing the position and have made announcements. England has a loan fund in place, and Wales has announced a grant fund of similar values. There are different arrangements in different jurisdictions, and the Minister has committed to looking at what is in place in other jurisdictions.
676. **Mr F McCann:** Is that £20,000 across Scotland or £20,000 per BID area?
677. **Mr McArdle:** It is £20,000 per BID area. Most jurisdictions have a cap on the overall grant available per annum. I think it is somewhere in the region of £200,000 in Scotland, for instance.
678. **Mr Durkan:** Getting buy-in from businesses is crucial. They have to see that government is prepared to put its money where its mouth is. The gamble cannot be purely for the public.
679. **Mr Antony McDaid (Department for Social Development):** I think that part of the arrangement is that you get the grant but you also show that you have additional funding from the private sector.
680. **Mr F McCann:** Match funding. It might not be a bad idea to write to the Minister to say that there are different things in place in Scotland, Wales and England, and that the Department should look at that. If you are trying to encourage businesses to form a BIDs community, it is wise to try to get some resources to help it to start.
681. **The Chairperson:** OK. Interestingly enough, I made the tail end of a meeting with a number of traders yesterday afternoon in the constituency. One of the local councillors arranged a meeting with some of the traders to basically try to look at some voluntary promotional work around that neighbourhood. The departmental officials who were there were very quick to point out that, because it was not an area that was defined as deprived or disadvantaged, they could not do anything for them. That was at the outset of the meeting, before they even had a discussion. Notwithstanding that, officials were there. Traders were then going to start doing a bit of work to see whether they could do something to promote the area. It is like a voluntary BID. A lot is expected of the business community in some of those areas, and the Department needs to look very seriously at how it can be proactive in supporting that. Going to a meeting and saying basically that there was nothing that it could do was not a good start.
682. **Mr F McCann:** It goes back to what we were saying yesterday. We have been talking about the serious implications of the economic downturn. With areas like that, it is OK saying that it is not a deprived area, but the closure of shops along any stretch of road or arterial route can have a serious impact on the surrounding area. It may not be a bad idea to write to the Minister to point out those questions and say that if BIDs are getting off the ground, there needs to be something to allow them to start up.
683. **The Chairperson:** I agree. I was struck by what was described as the counterfactual in the University of Ulster report yesterday morning. We need to take on board the fact that if we do not

do something, an area will end up as a problem area. Are members happy enough with that approach so far?

Members indicated assent.

684. **The Chairperson:** Clause 4 is about the duty to comply with arrangements. It is linked to clause 1, in that we just want to make sure that the regulations will be unambiguous and transparent. Are members content?

Members indicated assent.

685. **The Chairperson:** OK. Clause 5 concerns BID proposals. Again, it is about seeking assurances that the consultation process will be detailed and that the regulations will be transparent and unambiguous. We need to take on board the possibility of BIDs coming forward in areas where there is a relatively high proportion of residential accommodation. That cannot be ignored in the process, even though they may not be eligible to pay or may not have to pay under the regulations. I think that if there is a proportion of residents living in an area, we are duty-bound to ensure that they are formally consulted.

686. **Mr F McCann:** That is 100%.

687. **The Chairperson:** The question that I would ask is how that would be provided for. Are members happy enough with that broad approach?

Members indicated assent.

688. **The Chairperson:** Clause 6 concerns the entitlement to vote. This also relates to the last conversation. It is obviously about who is entitled to vote, and the non-domestic rates, and so on. Are members content with how the Bill provides for that entitlement to vote?

689. **Mr F McCann:** Chair, there are two questions. First, can members in a BID area vote by proxy?

690. **Mr McDaid:** It is a postal vote anyway.

691. **Mr F McCann:** Secondly, what if there is a strong residents' group in the area? At the end of the day, local businesses will try to tap into residential

neighbourhoods that may survive. Would it not be wise to ask representatives of those groups to sit on the boards of the BIDs so that there is feedback to the Committee?

692. **Mr McArdle:** That is down to local arrangements and local agreements. A BID area with a strong residential population would be very foolish to ignore that population. In the example of Clarkston that I gave you yesterday, the community bought into the BID proposal from the very start and was involved in it. Businesses put their own money in to drive it forward, and I imagine that they determine who is on the board. They may well be able to co-opt somebody from the community, but it will be down to local arrangements. I do not think that that is something that we should legislate for.

693. **Mr McDaid:** Just those who are liable to pay any levy will get the opportunity to vote, and because residents do not pay any levy, they would not have that opportunity.

694. **Mr F McCann:** I know from experience that — Mickey has just told me that this was discussed yesterday —

695. **Mr Brady:** Henry gave an example.

696. **Mr F McCann:** Unfortunately, I was not present. Henry, you will know from experience that sometimes businesses and other organisations do not take the residents into consideration when they move ahead with plans.

697. **Mr McArdle:** Yes.

698. **The Chairperson:** The evidence is that it would make sense for people to communicate with each other and consult. From my point of view, and I have heard others say the same, as was mentioned yesterday, there is a prospect of community planning coming up, and we have to have some linkages. That is important because that community planning legislation is very important under the review of public administration (RPA). There needs to be a clear understanding that there must be a link, particularly if it affects a residential

- community that is at the heart of a BID. I am not necessarily advocating that they have to have entitlement to vote in that ballot, but we need to make a clear linkage so that people have involvement in it.
699. Are people happy enough with what we are pursuing at this stage? Depending on the responses, we will take decisions on that.
700. Clause 7 is on approval and is about the 25% issue. The evidence tells us that none of the BID proposals has not attracted the support of 40% or more, whereas the approval rate is set at 25%. We will not deal with the change in the clause today, but we need to consider whether we want to look at a change. A couple of people have asked me whether we should try to make the figure higher than 25%. If we want to set it higher, we could propose to do so.
701. **Mr McDaid:** There is provision in clause 8 for alternative conditions, and they should be able to increase that threshold if they want to or if the BID proposer decides to do that. If you want that formally in the Bill, it could be changed in clause 7.
702. **The Chairperson:** That is helpful. Members have that information, and we can provide for it if we wish.
703. Clause 9 is on the power of veto in local councils. The issue is to do with the prescribed circumstances and whether they are ambiguous or unambiguous.
704. **Mr F McCann:** I raised the issue yesterday of where that leaves councils. Councils are involved in a wide range of activity, and most of them will be given the power over local economics within a boundary. The paper says that the Department has indicated that the conditions will be prescribed. What conditions or circumstances are you talking about?
705. **Mr McArdle:** Obviously, this will be subject to consultation, and we will seek views on what circumstances should apply. I will give a couple of examples. We gave an example yesterday where a council may consider that the BID proposers have been unfair in drawing up their boundary by including or excluding some business or have drawn a line in a funny way to deliberately exclude or include. There was one example of a proposal for a stand-alone geographical area, and because there was a big store close by that would generate a lot of income through a levy, they included it in the BID proposal. That proposal was rejected because it was seen to be unfair. So, there are examples of that type of thing, or of where a BID proposal is totally out of step with plans for the area; for instance, if a master plan or existing planning document is in place and the council feels that the proposed BID is out of step with that plan. Most of those issues should be determined and agreed upon in consultation. No BID proposal should come forward without the support of the council. It would not happen.
706. **Mr F McCann:** It does not say that.
707. **Mr McArdle:** No, it does not say that, but it will say it in the regulations. What we do not want to be is prescriptive in the Bill and then find that there are other circumstances that might need to apply. So, what we want to do is suggest some of those types of things in our consultation on the regulations and ask people to come up with other examples where it might be appropriate for the council to exercise its veto.
708. If a BID proposal comes forward to a council and the council vetoes it, the BID proposers would also have the right to go to the Department. Is that correct?
709. **Mr McDaid:** Yes. They have a right of appeal under clause 10.
710. **Mr McArdle:** They can appeal to the Department. That system would be in place to bring transparency, openness and a fair approach to it. The experience from other jurisdictions is that it never gets to the Department.
711. **Mr McDaid:** A veto has never been used.
712. **Mr McArdle:** A veto has never been used.

713. **The Chairperson:** I presume that, ultimately, within the context of RPA, you would have area-based plans and a community-planning process, which are all on a statutory basis. So, I presume that a BID, for example, would have to fit in with all of that.
714. **Mr McDaid:** Yes. Absolutely.
715. **The Chairperson:** I think that, given the fact that it is enabling legislation and you want it to be flexible, protections need to be built in because, sometimes, councils actually make bad decisions. We know that. It is happening as we speak. It may not happen elsewhere, but we have a history of it here. So, we need to ensure that people are protected, both with regard to the council and broader well-being through the community plan and area-based plans, which are all approved. We still need to protect BID proposers who may not get a fair shake with a council.
716. **Mr F McCann:** Chair, I do not disagree with what you are saying. I think that most people around the table who have had experience of councils have seen that, but, equally, we have seen it on the other side. So, it needs to be fairly clearly laid out. As you said, that may come in the regulations. They will guide it. However, I go back to what I said yesterday; new powers are being given to councils that may create conflict. If a council develops some type of strategy that the BID people object to, you may end up with conflict. That happens quite a lot on an individual basis. The regulations need to be clear about the way in which this is going.
717. **Mr McArdle:** What we are seeing here is that a BID is a partnership between the BID proposers — the private sector — and the council. If one of them is not on board, it will not work.
718. **The Chairperson:** OK. Are we happy enough, then? Again, we are just teasing out those issues to get further detail. So, again, on clause 10, it is really just about ensuring that we get greater clarity on those matters in the regulations, and so on. Are members happy enough with that?
- Members indicated assent.*
719. **The Chairperson:** On clause 11, which deals with the commencement of BID arrangements, are we happy enough to seek clarification on the implication of the BID company assuming that particular role? Are people happy enough with that?
- Members indicated assent.*
720. **The Chairperson:** Fair enough. Clause 12 deals with the imposition and amount of the BID levy. Are we happy enough with the issue as it stands at the moment? Is there anything further you wish to raise?
- Members indicated assent.*
721. **The Chairperson:** We move on, then, to clause 13, which deals with liability and accounting for the BID levy. We have been asked whether we need further clarity on that. If we do, we should ask for it. The process is to get some written clarity and then everybody is happy. OK?
- Members indicated assent.*
722. **The Chairperson:** Clause 14 relates to the BID revenue account. Do members want to raise anything further on that matter with the Department? If not, we will move on.
- Members indicated assent.*
723. **The Chairperson:** Clause 15 deals with the administration of the BID levy. Are members happy with that as it is? Do we need any further information on that?
- Members indicated assent.*
724. **The Chairperson:** We move on, then, to clause 16, which deals with the duration of the BID arrangements, which is set for five years. Are members happy with that as it is?
- Members indicated assent.*
725. **The Chairperson:** Clause 17 deals with regulations and ballots. Are members happy enough with clause 17 as it is?

Members indicated assent.

726. **The Chairperson:** We move on to clause 18, which deals with the power to make further provision. Again, this has been welcomed by councils. We have been asked whether we need any clarity on whether the provisions made under the clause will be consulted on.

727. **Mrs Cheesman:** We could maybe offer some clarification to the Committee at the moment. It would depend on the kind of amendment. If it is one of the consequential amendments as a result of other legislation being amended, we would not consult on it. However, if, for example, under clause 18(2), we were amending a statutory provision, that would have to be consulted on. So, it would depend on the kind of amendment that was being proposed.

728. **The Chairperson:** Are members happy with that explanation? Thank you, Gail, for that.

Members indicated assent.

729. **The Chairperson:** Clause 19 looks at further provision as to regulations. Are members happy with that as it is?

Members indicated assent.

730. **The Chairperson:** We move on to clauses 20, 21 and 22. Are members happy with those clauses?

Members indicated assent.

731. **The Chairperson:** We move on to a couple of other items that are noted in the paper in front of you. One issue is about why landlords or property owners are not included in the legislation, and the other issue is about local service level agreements with councils. I think the University of Ulster raised that yesterday, but I do not think that we got any final views. I understand that the landlords issue has been raised with the Department.

732. **Mrs Cheesman:** Yes. We would like to offer a bit of clarification. Different jurisdictions do it differently. Our legislation is proposing that you do not include landlords if they have a tenant

in place. It would be the tenant who would be liable to pay the BID levy. If a property is vacant, the landlord would be liable to pay the levy. I think perhaps that, when the folks were presenting yesterday, they made it sound like vacant properties would not pay any levy and, therefore, the BID income would be reduced, but that is not the case with our legislation. It would be an either/or scenario.

733. Scotland, for example, has provision to include all landlords, even if they have a tenant. In practice, however, only two BIDs in Scotland actually do that. One was an industrial BID, so it was fairly easy to identify who the landlords were. One of the towns did it as well, and it proved to be extremely complex.

734. We would certainly say that if landlords want to contribute on a voluntary basis, they may do so. You may recall that an earlier clause allows people to contribute voluntarily. We, and, I am sure, the BID, would have no objection to that. We would propose that, because of the complexity, we do not insist that landlords must be included.

735. I offer one final clarification. The academics referred to how, in America, property owners are included. BIDs operate slightly differently there. In BIDs over there, all the property owners pay the levy, not the tenants. It is probably the case that they pass it on in the rent or something, but the bills are issued to the property owners, not the tenants. So, it is a slightly different scenario. If I have not explained that well, I am happy to make further points of clarification.

736. **Mr McDaid:** In the consultation on the policy proposals, we asked whether landlords should be included in the legislation formally, and 80% of the respondents said no.

737. **Mr F McCann:** Was that 80% the landlords? *[Laughter.]*

738. **The Chairperson:** What you are saying is that it would be an either/or situation.

739. **Mr McDaid:** Yes.

740. **The Chairperson:** If a BID goes through all the rules and regulations, is a legal and viable BID, meets all the criteria and is balloted, you are saying that the Bill will provide for properties with or without tenants.
741. **Mr McArdle:** There will be one payer for every property.
742. **Mr McDaid:** Basically, it will be the person who is responsible for any non-domestic rates.
743. **The Chairperson:** OK.
744. **Mr F McCann:** If the business community in a BID area decides, as part of the scheme, that it wants to brighten up the area with a matching paint scheme, and there are landlords in between, will it just leave those properties alone?
745. **Mr McArdle:** No. Every property in a BID area will have a levy attached to it. If there is a tenant, he would pay the levy. If there is no tenant, the owner would pay. Whoever is liable for the rates of a property would pay the levy and would be entitled to vote.
746. **Mr F McCann:** So, there is a levy on all properties.
747. **Mr McArdle:** Yes. The position in Scotland is slightly different in that they are non-domestic properties.
748. **Mr McDaid:** It is all non-domestic.
749. **Mr McArdle:** There can be two bills for one property: in other words, there can be one for a tenant and one for a landlord. If the BID proposers suggest that landlords should be included, what they are advocating would be a levy on the tenant and the landlord. This was rejected in England. The concern was that landlords would simply receive their bill and increase the rent, meaning tenants would pay double. We did not think that that was a fair approach.
750. **Mr F McCann:** The point I am making is, say for talk's sake you were speaking about the Lisburn Road where there are a number of —
751. **Mr McDaid:** You are thinking about domestic and non-domestic properties.
752. **Mr F McCann:** Yes.
753. **Mr McDaid:** Obviously, domestic properties would be left out. This relates to non-domestic properties.
754. **Mr F McCann:** So, if you have a row of shops with breaks for —
755. **Mr McDaid:** Domestic houses or residential properties?
756. **Mr F McCann:** Yes. Would the scheme bypass them?
757. **Mr McDaid:** Yes. You do not often get situations in which there is a residential property bang in the middle, but the person who owns that property may well be asked whether they wish to —
758. **Mr F McCann:** It would be on the generosity of the —
759. **Mr McDaid:** It would be a voluntary contribution.
760. **The Chairperson:** Just to finish the point, there would be a lot of streets in which the retail sector is at ground level and where the two or three storeys above are empty. What would happen in that scenario?
761. **Mr McDaid:** If the properties are empty or residential, they would not be included. If they are commercial premises or offices and stuff like that —
762. **The Chairperson:** If they are not used: you see a lot of that, just the ground floor is occupied and the upstairs is not.
763. **Mr McDaid:** Again, it would be down to the BID proposer to decide whether to include those premises in the BID. It can be explicit in that it could include just all ground-floor premises, or it can include office space above as well. It is flexible.
764. **Mr McArdle:** If it is commercial property, theoretically they could chase after the landlord for a BID levy, but they may well decide that that is not worth doing.
765. **The Chairperson:** The reality will kick in.

766. **Mr McDaid:** They will just stick to the ground floor.
767. **Mr Campbell:** As far as the BID levy on domestic property is concerned, where there is a tenant and the bill goes to that tenant, is there anything in the legislation defining the method of payment once the tenant receives the BID levy?
768. **Mrs Cheesman:** Yes, the intention is that they will get their bill and it will tell them to pay it into a particular bank account that has to be held by the council. I suppose they could do it electronically or by cheque, but they will be given details of the account into which it has to be paid, which is the BID revenue account that is ring-fenced by the council. I guess that businesses will choose to do it electronically if that is easier for them, but if they want to lodge a cheque into that account —
769. **Mr Campbell:** My concern is that if there were a particular cadre of tenants who, under welfare reform, fell into the category of direct payment of their rent to the landlord, and they were — No?
770. **Mr McDaid:** No. We are talking about only non-domestic properties. I think you are referring to domestic properties in which somebody would be living and which would be residential. They would not be included in BID schemes. If the BID scheme —
771. **Mr Campbell:** I thought you said that domestic properties with tenants would be included.
772. **Mr McArdle:** I am sorry. We were talking about tenants who are shopkeepers.
773. **Mr Campbell:** Oh. Did you mean business tenants?
774. **Mr McArdle:** Yes.
775. **Mr Campbell:** OK.
776. **The Chairperson:** Are you happy with that, Gregory?
777. **Mr Campbell:** Yes.
778. **The Chairperson:** The last bullet point relates to existing service level agreements with councils. Paula raised that issue yesterday when she spoke about Newtownabbey. She said that the council there already does work in the area, so logic would make one ask why businesses would want to undertake that work if it is already being done. They might want to do something different.
779. **Mrs Cheesman:** That is correct. I think that it was Mr McCann who asked what would happen if a council could not commit to a five-year service level agreement. Is that right?
780. **Mr F McCann:** Yes.
781. **Mrs Cheesman:** It would be preferable if councils were able to do that. However, we came across an example in Scotland in which the council was only able to commit to a three-year service level agreement, and the BID proposer was prepared to accept that and work with it. If that were the case, it would be a matter for discussion and agreement between the BID proposer and the council to decide whether that would be a workable solution.
782. **The Chairperson:** Councils have four-year terms, which puts the five years you have proposed out of sync with their mandate periods. I do not know whether that can be —
783. **Mr McDaid:** It is about getting some sort of assessment of what businesses currently get so that they can show additionality. They will be able to see what councils will deliver over the next couple of years and what additional things they will be able to get on top of that.
784. I think that you talked about Glengormley, and the council there has worked very well to provide an awful lot of services for the town and for businesses. However, there may be stuff, over and above that, which could be worked into a BID. We spoke about our visit to Scotland. We were in a place called Clarkston, which is quite a small suburb of Glasgow and probably similar in size to Glengormley. Its BID is more focused on branding and placement,

- a website and a loyalty scheme. There are small-scale things that BIDs can do over and above what are delivered by councils, and that gives those areas a sense of place. In Clarkston, they have put little banners up saying “Clarkson BID” and the loyalty card scheme allows people to get discounts in various stores. So, even if a lot of services are provided by councils, there is other stuff that shopkeepers can consider doing if they come together as a collective.
785. As you said, it is key for BID providers to see what they already get, and that is where the idea comes from of getting some sort of baseline of what councils provide. That will allow providers to sell BIDs to other businesses as delivering something over and above that.
786. **The Chairperson:** What was that experience? Councils may be reluctant or unable to commit to a five-year agreement. It would be beyond the term of their mandates, but I do not know whether it would be a factor.
787. **Mr McArdle:** Irrespective of their budgets, councils can say what services they will provide up to a particular level. BID providers might see that councils provide basic services, such as street cleaning and bin collection, and ask what they will need to provide over and above that to boost their trading figures. It is about things such as marketing, promotion and, maybe, additional lighting.
788. In Clarkston, they have extensive signage, and every shop in the place has signs pointing to them. Street maps were also provided by the BID, which detail all the shops and the niche market stuff, and they have the loyalty card scheme. All of this is paid for by the businesses through the BID levy. They see these things as being over and above what is provided by the council.
789. If councils are prepared to do public realm schemes, those would be included in the service level agreement. A council might decide that it is going to do a scheme over the next five years, which would allow the BID to concentrate on other things. This is really what it is about. It is not something that is going to be cast in stone or used to hold councils to ransom and tell them that they have to provide certain things. Councils may agree to do certain things, but their budgets might be such that they cannot do them. That does not mean to say that the BID proposers will have to take up the slack. The service level agreements will give a flavour of what is normally provided to an area and what BID proposers will want to pay for over and above that.
790. **Mr F McCann:** That is all good stuff. It is about self-promotion and building the thing up. Another aspect has been a bee in my bonnet for many years. In Belfast, £9 million was spent on public realm works. Within a week of that taking place, a utility company and a Department dug it all up again and replaced it with tarmac. Could something be built into a BID that Departments have to tell people in the area well in advance that work will be going on, and that it has to be put back on a like for like basis?
791. **Mr McArdle:** I have been involved in this, as you know, Fra, over the years while working in the Belfast regeneration office. It was always difficult to try to get utilities to fall into line. Obviously, they have to repair things, but it is a difficulty. The Department may well be trying to come to an arrangement.
792. Obviously, BIDs will have to discuss what is happening over the next five years and factor in any plans that are in place by councils and other Departments that have responsibility for certain things. You talked earlier about full community planning. All of that will be part of it. When the community plan is developed for an area, any Department or agency that is doing anything there will have to feed into that plan so that the proposers are not putting in place improvements through a BID that are going to be overturned by something else. All of that will have to be discussed. We suggest that it needs to be discussed primarily at local level. When functions are eventually transferred to councils,

- it will be easier to do that. If you have responsibility for planning, regeneration and other things at a local level, BIDs should be easier to deliver.
793. **Mr F McCann:** I have seen business-people in the city centre going out of their way to do decorate their shop frontages in order to promote a product, and then somebody comes along and digs a large hole outside their property, despite millions being spent on improving the street. There has to be a mechanism to hold people to account. It surprised me that they have the power to do that. There needs to be some mechanism built in, but I do not know whether it is through BIDs.
794. **Mr McArdle:** I do not think that it is through BIDs.
795. **The Chairperson:** Is there not legislation in place for utilities? I thought that it might have been through the Department of Finance and Personnel (DFP), but I cannot recall. I remember legislation going through. It was around the standard of reinstatement: if a utility does something, it has to reinstate the public realm. I know that public realm work was completed on the Glen Road, and then somebody came in afterwards and dug the flaming thing up. It is the same problem. That was very recently. At least, if they had the —
796. **Mr Campbell:** I think that it is a Department for Regional Development (DRD) requirement. It is ineffective.
797. **Mr F McCann:** It is totally ineffective. It is not followed up.
798. **The Chairperson:** Maybe we need to —
799. **Mr McArdle:** Enforcement is the issue.
800. **The Chairperson:** Should we try to get an understanding of this? It is important. I do not know whether it was through DFP, but I remember legislation going through some time ago. It is about expectation. Maybe we should use this as an opportunity to put further pressure on getting that level of reinstatement.
801. **Mr McDaid:** Obviously, if there is a BID in an area, it gives businesses in the area a voice to go to the utility companies and the relevant Departments to get information on the plan of works and stuff.
802. **The Chairperson:** Some retail areas do not have great capacity. Some are well organised; others a lot less. In a way, we are expecting them to have a voice. We need to have a voice here from the starting point. In fairness, we are the legislators; retailers are not. We cannot expect them to —
803. **Mr McDaid:** This is a very specific Bill about business improvement districts. That issue is much wider.
804. **The Chairperson:** I appreciate that, but we should use the opportunity to seek clarification from whatever Minister or Department is responsible to remind ourselves of the provision in legislation for utilities to give notice in advance and what they have to do by way of reinstatement. If I were a retailer who paid a levy to improve an area, and then somebody came in afterwards and undid that work, I would like it to be reinstated to at least the level at which they began.
805. **Mr McDaid:** That is a fair point.
806. **The Chairperson:** We should write to DRD, if that is who it is. Would members be happy for the Committee to do that?
Members indicated assent.
807. **The Chairperson:** OK. Are members happy that we have covered this for today?
808. **Ms P Bradley:** May I just ask one more question? I apologise for being late; I had an appointment this morning. My question may have been asked already. Councils have a major role to play in all of this. Are they getting any extra funding for it or are they expected to use what their ratepayers are already paying for? I know that they can claim money back, because I read that —
809. **Mr McDaid:** The likes of the ballot.
810. **Ms P Bradley:** Yes, they can claim that back from the BIDs, but is there any other money that they can claim back?

811. **Mr McArdle:** Proposals have been put forward that the Minister should consider start-up funding and other support. The Minister has given a commitment to consider the wider support arrangements that are in place in other jurisdictions — in Scotland, Wales, England and other areas. He will make a decision and a statement on that in due course. The Committee may wish to write to him about that.
812. **Mrs Cheesman:** Some councils choose to provide an administration resource to assist the BID, without getting any funding. It depends on their resources. For example, they might provide a staff member and the use of computers and office space. That is something that they are welcome to do without funding. Different councils take different approaches.
813. **Ms P Bradley:** If that is the case and a council provides support, the ratepayer, domestic or non-domestic, will have already paid to fund that member of staff anyway. It is like a double there. That is all that I wanted to ask about. My council had one as well.
814. **Mr McArdle:** Most councils see the benefit. If they have bought into the BIDs concept, they will see the benefit, not just to the BID area but to the whole town or city for which they are responsible. They will see it as being something worthwhile investing in. The council we spoke to in Scotland was fully up for that and was very supportive of the BID concept. It provided some resource — the BID levy was the biggest amount of resource — in certain areas. It is a matter for discussion between the council and the BID proposers.
815. **Ms P Bradley:** Thank you.
816. **The Chairperson:** Fra raised an issue that is outlined on page 48 of the clause-by-clause paper. Coleraine Borough Council had a query about potential exemptions and whether the BID proposer would allow exemptions for churches, police stations, schools, and so forth. Can you elaborate on that?
817. **Mr McDaid:** Again, it is up to the BID proposer to decide who is in and who is out. Those types of properties are classed as non-domestic properties.
818. **The Chairperson:** They are not residential.
819. **Mr McDaid:** No, they are not. Again, it is up to the BID proposer
820. **Mr F McCann:** Anyone within the BID area, including the people mentioned in that paragraph, would have to pay.
821. **Mr McDaid:** Only if the majority voted for it: churches get involved in BIDS because they see that the improvement in the area is for the good of everyone. If people feel safe, they like to come to the area. Some churches contribute, but other areas may decide that they will not expect churches to pay. It is totally at the discretion of the BID proposer. All that will be detailed in any BID proposal that would be put to ballot. Everyone would have an opportunity to see who is in and who is out and what rate of levy they would have to pay.
822. **The Chairperson:** Would a non-ratepayer have a vote?
823. **Mr McDaid:** Our intention is that if there is a rateable value on the property, they would have an entitlement to vote.
824. **The Chairperson:** Churches, police stations, tax offices and government offices do not pay rates because they have their own arrangements. You used the example of a church and, logically, it makes sense for it to contribute. It might be able to contribute but does it have a formal vote if it is not paying the rate?
825. **Mr McDaid:** We are saying that they will have a formal vote. Although they do not pay rates because they are exempt, there is a rateable charge on the property. The fact that they are exempt is because of the type of tenant that they are. Charity shops get an exemption if they do not have any —
826. **Mr F McCann:** They have a charitable status.

827. **Mr McArdle:** The BID proposers may well decide that they will not include any of those; that they will include some; or that they will include them but will suggest a discount. It would be all set out in the BID proposal. We saw an example of one in which there are charity shops in the BID, and they all pay. In some other areas, there are none. You saw the stats yesterday and from the evidence given earlier.
828. **Mr F McCann:** Therefore, you start from a point at which all businesses pay, and then exemptions are made. I am just thinking of the example of a police station or a tax office; they would have to pay the same as anyone else. The only people who can exempt them are the BID proposers.
829. **Mr McDaid:** Yes, the initial proposers. The argument would be that the staff who work in the public sector premises will get the benefit of the BID because the area will feel cleaner and safer and will look nicer, and it is buying into the whole —
830. **Mr Campbell:** However, the discretion in the decision is down to the BID proposers?
831. **Mr McDaid:** Yes, when they are developing their proposals.
832. **Mr McArdle:** You have to bear in mind that the BID proposers have to strike a balance. They could include everyone in order to get a big levy, but if they do that, it might include a lot of dissenters, so they might not get the vote through.
833. They have to strike a balance between the number of businesses they include and the number of others that may not be businesses. If the latter do not see the benefit, they may not vote for the BID. So the proposal needs to be weighed carefully. The proposers need to put in a proper proposal that they think will sail through a vote, effectively. So, if they include a lot of businesses that they do not think will vote for it —
834. **Mr F McCann:** The reason I asked the question is because I thought that you could have a town in which there may be 40 charity shops, a police station and 17 government buildings, and they would all be exempt from the levy. That would directly impact on the BID. However, as Gregory said, if it is the people involved in the BID who are making the decision, I am fine with it.
835. **The Chairperson:** Coleraine raised that issue because it said that it has a prevalence of such institutions in that borough.
836. **Mr McDaid:** I know that Coleraine has already carried out a scoping exercise, using European funding, to look at the viability of a BID in the area, so it may be worth finding out how that went.
837. **The Chairperson:** OK, members are you content that the Committee Clerk puts the comments from the last discussion into a letter to the Minister, just to get clarification on them and to get those points on the record, and that there will be a response? Is that fair enough?
- Members indicated assent.*
838. **The Chairperson:** Thank you, Gail, Henry and Antony.

4 December 2012

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 Sammy Douglas
 Mr Fra McCann
 Mr David McClarty

Witnesses:

Mrs Gail Cheesman *Department for Social
 Development*
 Mr Henry McArdle
 Mr Antony McDaid

839. **The Chairperson:** We move to the substantive item on the agenda, the Business Improvement Districts Bill. We are in the Committee Stage of the Bill, which commenced on 18 September. The Committee received 14 responses to the Bill. We considered oral evidence from three key stakeholder organisations plus the Department. Given the Committee's consideration of evidence and response from the Department, it was agreed that formal clause-by-clause scrutiny of the Bill may commence today.

840. Members have set out their interim positions on the clauses, and I remind them that during the clause-by-clause scrutiny, they will be asked to set out their final positions as we work our way through the Bill. By way of process, where the majority of members support an amendment, the Clerk of Bills will take the proposals away and will draft the appropriate wording for consideration at our next meeting. Where members are unable to agree a clause, that must be clearly stated during this clause-by-clause scrutiny session. In such cases, members will be asked to set out their own proposed amendment, if they have one. In that case, the clause in question may be

deferred until the next meeting, just to allow for further consideration.

841. To help the process along this morning, we have departmental officials present. I welcome Henry McArdle, Antony McDaid and Gail Cheesman. You are very welcome and thank you for being here this morning.

842. The Minister has responded to the issues raised by the Committee last week. Members have copies of his letters before them. There is also a copy of the advice given by the Examiner of Statutory Rules.

843. We are now able to commence clause-by-clause scrutiny.

844. I may have to leave to go to the Chamber before 10.30 am. If that is the case, I propose to hand over to Mickey Brady, the Deputy Chairperson. Are members content?

Members indicated assent.

Clause 1 (Arrangements with respect to business improvement districts)

845. **The Chairperson:** As members know, clause 1 sets out the arrangements relating to business improvement districts (BIDs) in a district council area. The Committee asked the Minister to provide reassurance that the role and responsibility of district councils will be made clear and unambiguous in the regulations. Are members content with the Minister's response?

Members indicated assent.

846. **The Chairperson:** Are there any proposed amendments to clause 1? Have you looked at the response? Are members content with clause 1 as it is?

Question, That the Committee is content with the clause, put and agreed to.

Clause 1 agreed to.

Clause 2 (Joint arrangements)

847. **The Chairperson:** This clause allows the Department to make provision through regulation enabling two or more district councils to make BID arrangements. The Committee sought clarification on the arrangements for BIDs that may have already been established in council areas in which the review of public administration (RPA) is subsequently implemented, with the result that councils merge. Are members content with the Minister's response?

Members indicated assent.

Question, That the Committee is content with the clause, put and agreed to.

Clause 2 agreed to.

Clause 3 (Additional contributions and action)

848. **The Chairperson:** This clause defines the persons who may make financial contributions or take action that will facilitate the actions specified in BID arrangements taking place. The Committee strongly recommended that the Department establishes a fund to support the development of BID proposals, as is the case in Scotland. The Committee also recommended that the Department reviews the work of BID academies, and how they contribute to the development of BID expertise and provide support for the development of BIDs, with a view to establishing such an academy here.

849. Are members content with the Minister's response?

Members indicated assent.

Question, That the Committee is content with the clause, put and agreed to.

Clause 3 agreed to.

Clause 4 (Duty to comply with arrangements)

850. **The Chairperson:** Clause 4 provides a duty on a district council to comply with arrangements. The Committee sought assurances from the Minister that the regulations will be transparent

and unambiguous. Again, you have the Minister's response in the letter.

Question, That the Committee is content with the clause, put and agreed to.

Clause 4 agreed to.

Clause 5 (BID proposals)

851. **The Chairperson:** Clause 5 establishes that BID arrangements will come into force only when they are approved by a ballot. The Committee sought assurances that residents will be consulted as part of the BID proposal. Are members content with the Minister's response?

852. **Mr Copeland:** It is just a thought, and it is rooted in Castlereagh Borough Council's submission and considered view of clause 5, which states:

"BID proposals ... must include a statement of whether any of the costs incurred in developing the BID proposals, or holding of the ballot are to be recovered through BID levy."

853. The council's thoughts were that the statement should provide that it would be preferred if BID proposals must detail the cost incurred in developing the BID proposal, holding the ballot and delivering the BID proposal, and what costs are to be recovered from the BID levy. It is only through provision of that information that a district council would be in a position to review the potential for an improved business environment and local economic growth.

854. **The Chairperson:** Henry, do you or your colleagues wish to comment?

855. **Mr Henry McArdle (Department for Social Development):** Sorry, I did not catch that point.

856. **Mr Copeland:** Do you want me to read it again?

857. **Mr McArdle:** Yes.

858. **Mr Copeland:** I apologise for arriving late. Clause 12(5), "Imposition and — "

859. **Mr McArdle:** Sorry, are we talking about clause 12?

860. **Mr Copeland:** I am sorry. I have read the figure 5 wrongly. The comment refers to clause 12(5). I will raise the issue later.

861. **The Chairperson:** OK, Michael. The core of clause 5 is that there may be residents in a BID area, and the question on behalf of the Committee was whether those residents would have a say in the proposal by being formally consulted? That was also linked to people asking whether proposals would have to fit in with the existing framework of the time. Under RPA, there may well be community planning, area-based planning, decisions taken, and so on. I take it that BIDs under this legislation will have to comply with all of that.

862. **Mr McArdle:** Yes, they will have to fit in with all of that.

863. **The Chairperson:** Will that be clarified anywhere in regulations or is this just reassurance?

864. **Mr McArdle:** Although it may not be in the legislation, we are saying that a BID will not get approval from a council unless it is satisfied that they properly consulted on it. We are suggesting that we will set out in the guidance the sort of consultation that would be appropriate. In areas where there is a clear residential population, consultation with the community would be essential before a BID proposal would get the go ahead.

865. **The Chairperson:** All that would come back at some point to, for example, a Committee such as this?

866. **Mr McArdle:** Yes.

867. **The Chairperson:** OK, thank you for that.

Question, That the Committee is content with the clause, put and agreed to.

Clause 5 agreed to.

Clause 6 (Entitlement to vote in ballot)

868. **The Chairperson:** This clause sets out the entitlement to vote in a BID ballot and how it is to be determined. I think we considered that members of residents' groups should be included

on the BID company board. I think the Department had a view about a possible departmental amendment to subsection (3). Henry, do you or one of your colleagues want to address that?

869. **Mrs Gail Cheesman (Department for Social Development):** Following questions from Committee members about whether charity shops would have to pay the levy, and queries about exemptions, we are proposing at subsection (3) to make it more explicit that any exemptions to paying rates will not automatically exempt anybody from having to pay the BID levy. There is a reference in subsection (3) to "chargeable to rates", and we will work with the Office of the Legislative Counsel to try to make it more explicit that no automatic exemptions are carried over from the rates bill into the BID levy. That is to tighten up on that and to try to prevent any confusion, if the Committee is content.

870. **The Chairperson:** Are members content with that explanation? Obviously, the Department will bring an amendment forward: am I right?

871. **Mr F McCann:** I think it was widened, when we were talking last week, to include not only charity shops but government buildings. I take it that it will mean all those buildings or offices.

872. **Mr McArdle:** If a building is chargeable to rates, if there is a rates liability — forget about any exemptions — that building will be included. It will then be up to the BID proposers to determine what, if any, exemptions there are. There may not be any, but they will determine whether they are full or partial exemptions, depending on the circumstances. It would be up to the BID proposers to determine that.

873. **Mr F McCann:** I take it that it will be on a "per building" basis. In some places, there may be three or four businesses in a building. So, is it "per building" and not "per business"?

874. **Mr McArdle:** No. It is per business.

875. **Mr F McCann:** How would that work if there were multiple businesses in a building? Will it be divided according to the rateable value of each business?

876. **Mr Antony McDaid (Department for Social Development):** Each business has its own variable value and entitlement to vote, so they would be entitled to vote on the BID.

877. **The Chairperson:** Are members content with clause 6, subject to the amendment from the Department?

Question, That the Committee is content with the clause, subject to the proposed amendment, put and agreed to.

Clause 6 agreed to.

Clause 7 (Approval in ballot)

878. **The Chairperson:** This clause sets out the four conditions that must be satisfied before a BID ballot can be regarded as approved. The Committee, if I remember correctly from last week, had no comment on this clause and was content. I do not think the Department has anything to add.

Question, That the Committee is content with the clause, put and agreed to.

Clause 7 agreed to.

Clause 8 (Approval in ballot – alternative conditions)

879. **The Chairperson:** Clause 8 allows those who have drawn up a ballot to set alternative conditions, such as a higher margin of net annual values, or numbers of votes cast, or both, before a BID ballot can be taken as approved. Members had no comment on that. Does that deal with the issue of the 25% approval?

880. **Mr McArdle:** Clause 8 talks about alternative conditions that may be set by the BID proposers. The BID proposer could suggest that the limit could be above 25%. The flexibility in all these circumstances is with the BID proposer. We are suggesting a minimum of 25%. We had the discussion about what

Scotland and England do and we think this is a fair compromise.

881. **The Chairperson:** Fair enough. Thank you for that, Henry.

Question, That the Committee is content with the clause, put and agreed to.

Clause 8 agreed to.

Clause 9 (Power of veto)

882. **The Chairperson:** This clause confers the right on district councils to veto a BID proposal. It also provides that the circumstances under which that can happen can be prescribed by the Department. The Committee sought assurances that the prescribed circumstances referred to in the clause are unambiguous, particularly given that clause 10 relates to an appeal against the veto. Are members content with the Minister's response?

Members indicated assent.

883. **The Chairperson:** As that is agreed, then, obviously, it indicates that the Committee accepts clause 9 as drafted.

Clause 10 (Appeal against veto)

884. **The Chairperson:** Clause 10 allows an eligible ratepayer who was entitled to vote in the BID ballot to appeal to the Department against a district council's decision to veto BID proposals. The Committee sought assurances that the consultation process would be detailed and the regulations transparent and unambiguous. Are members content with the Minister's response?

Members indicated assent.

885. **The Chairperson:** Then I will indicate that the Committee accepts clause 10 as drafted.

Clause 11 (Commencement of BID arrangements)

886. **The Chairperson:** Clause 11 provides for the BID arrangements to come into force on the day detailed in the BID proposals. That has an implication for the BID company assuming that role and why it is councils that have responsibility

- for that in the Bill. Are members content with the Minister's response?
- Members indicated assent.*
887. **The Chairperson:** Then I formally indicate that the Committee accepts clause 11 as drafted.
- Clause 12 (Imposition and amount of BID levy)**
888. **The Chairperson:** This clause establishes that a BID levy can be raised only —
889. **Mr Copeland:** Castlereagh Borough Council, through its economic development subcommittee, asked — and I believe it was notified to the Committee Clerk on 29 August — about the imposition and amount of the BID levy. They referred to clause 12(5), which states that BID proposals:
- “must include a statement of whether any of the costs incurred in developing the BID proposals, or holding of the ballot are to be recovered through BID levy”.*
890. The council feels that rather than a statement being provided, it would be preferred if the BID proposals read:
- “must detail the costs incurred in developing the BID proposal, holding the ballot and delivering the BID proposal and what costs are to be recovered from the BID levy”.*
891. The *raison d'être* for that is:
- “Only through provision of this information will District Council's be in a position to review the potential for an improved business environment and local economic growth.”*
892. arising from the establishment of a BID.
893. **Mr McArdle:** We looked at that suggestion when it first came to the Department. We responded to it in our detailed response to the Committee. We are effectively saying that the wording is in line with what is happening in other jurisdictions. By and large, we think that it serves the same purpose. Clause 12(5) says that the proposals:
- “must include a statement of whether any of the costs incurred in developing the BID proposals, or holding of the ballot are to be recovered through BID levy.”*
894. As far as we are concerned, it is, by and large, the same thing except that there has been an elaboration of what we are saying. The effect is still the same. We said at that stage that we did not see any point in accepting that suggestion.
895. **Mr McDaid:** The information supplied to the council will detail the business plan, which will contain details of the services that they will look to carry out as a result of the BID and how much it would cost. A lot of financial information will be provided to the council.
896. **Mr Copeland:** In your view, is that financial information sufficient to meet Castlereagh Borough Council's requirement that the BID proposals:
- “must detail the costs incurred in developing the BID proposal holding the ballot and delivering the BID proposals and what costs are to be recovered from the BID levy”.*
897. Will that information be there although, perhaps, not in the format that Castlereagh Borough Council was looking for?
898. **Mr McDaid:** As Henry said, it sounds very similar; it is just that the wording is slightly different. All that information is available to the council. The council may choose not to recover the costs. It may choose to do the ballot and not charge the BID. All that will be developed in consultation with the council in the first place.
899. **Mr Copeland:** I would like the intervention to be noted.
900. **The Chairperson:** Fair enough. It will be reported by Hansard in any case. No amendments have been proposed.
- Question, That the Committee is content with the clause, put and agreed to.*
- Clause 12 agreed to.*
- Clause 13 (Liability and accounting for BID levy)**
901. **The Chairperson:** Clause 13 provides that BID proposals must specify who is liable for payment of the BID levy, how that liability is to be determined and how levy moneys are to be paid. The

- Committee sought further clarification on why this responsibility must reside with the council. Are members content with the Minister's response?
902. **Mr Copeland:** Thank you again for your indulgence, Chairperson. This is the last observation that I will make on behalf of Castlereagh Borough Council.
903. Clause 13(4) says:
"Any amount of BID levy for which an eligible ratepayer is liable is to be paid to the district council which made the arrangements."
904. I am not representing Castlereagh Borough Council here, but I have a fair idea of what it is after. It asks:
"In accordance with your consultation findings and discussions with the Department of Finance and Personnel (DFP) should this be revised to reflect collection by Land and Property Services (LPS)?"
905. The council goes on to say that it is widely supportive of the Bill and welcomes the flexibility.
906. **Mr McArdle:** We are saying that the BID levy has to be paid to the district council. We have stated that the BID levy is considered to be a tax. The BID company cannot collect the tax or issue the bills. The bills will be issued on behalf of the council.
907. Concerns were raised during the consultation about the role of the district councils. We have to bear in mind that councils in the rest of the UK do all this. They issue bills and collect them. The councils raised concerns because they felt that they did not have any expertise in this matter. We discussed and agreed with DFP and Land and Property Services that they would carry out a role in issuing bills if requested by a council. Councils can use that service, which will be available from Land and Property Services, but they can make their own arrangements if they want to do so. That is why clause 13(4) is worded in this way.
908. **Mr Copeland:** Will there be an associated cost to the council arising from the service provided by Land and Property Services?
909. **Mr McArdle:** There is a potential for costs in all of this. Experience differs across the rest of the UK. Some councils charge a fee and others do not. Some councils provide the service free as part of their contribution towards the BID. However, there is provision in the legislation for a fee to be charged. Land and Property Services will charge a fee.
910. **Mr Copeland:** I can only accept what the officer said. I again ask that the comments of the council are noted.
911. **The Chairperson:** OK, Michael.
Question, That the Committee is content with the clause, put and agreed to.
Clause 13 agreed to.
Clause 14 (BID Revenue Account)
912. **The Chairperson:** No comments were made about clause 14.
Question, That the Committee is content with the clause, put and agreed to.
Clause 14 agreed to.
Clause 15 (Administration of BID levy etc.)
913. **The Chairperson:** The Committee made no comment on clause 15 either.
Question, That the Committee is content with the clause, put and agreed to.
Clause 15 agreed to.
Clause 16 (Duration of BID arrangements etc.)
914. **The Chairperson:** The Committee made no comment on clause 16 and had nothing further to add.
Question, That the Committee is content with the clause, put and agreed to.
Clause 16 agreed to.
Clause 17 (Regulations about ballots)
915. **The Chairperson:** The Committee made no comment on clause 17 either.
Question, That the Committee is content with the clause, put and agreed to.
Clause 17 agreed to.

Clause 18 (Power to make further provision)

916. **The Chairperson:** Clause 18 will allow the Department to make consequential and transitional provisions where necessary. We sought further clarification on whether any provisions made under that clause would be consulted on. Are members content with the Minister's response on that?

Members indicated assent.

917. **The Chairperson:** I formally indicate that the Committee accepts clause 18, as drafted.

Clause 19 (Further provision as to regulations)

918. **The Chairperson:** Clause 19 provides that any regulations made in the Bill, other than the regulations listed under clause 19(3), are subject to the negative resolution procedure in the Assembly. I advise members that the Examiner of Statutory Rules has suggested that the Committee may wish to consider whether clause 19 should be amended so that regulations made under clauses 6(3) and 17(2)(b) on the eligibility of ratepayers to hold ballots are subject to draft affirmative procedure rather than negative resolution. Is the Department prepared to accept that?

919. **Mr McArdle:** We are content with that.

920. Question, That the Committee is content with the clause, subject to the proposed amendment, put and agreed to.

Clause 19 agreed to.

Clause 20 (Crown application)

921. **The Chairperson:** Clause 20 provides that the Bill applies to the Crown. I advise members that the Committee made no comment on clause 20. Are members content with clause 20, as drafted?

922. **Mr Campbell:** I am definitely content with that one.

Question, That the Committee is content with the clause, put and agreed to.

Clause 20 agreed to.

Clause 21 (Interpretation)

923. **The Chairperson:** Clause 21 provides the definition of terms used in the Bill. I do not think that there was anything further to add on that.

Question, That the Committee is content with the clause, put and agreed to.

Clause 21 agreed to.

Clause 22 (Short title)

924. **The Chairperson:** Clause 22 provides that the new legislation shall be known as the Business Improvement Districts Act (Northern Ireland) 2012. Members made no comment on clause 22.

Question, That the Committee is content with the clause, put and agreed to.

Clause 22 agreed to.

Long title agreed to.

925. **The Chairperson:** I advise members that that concludes the formal clause-by-clause scrutiny of the Bill. On Thursday, the Committee will consider a draft Committee Bill report.

926. **Mr F McCann:** I do not know whether I can do this on Thursday, but we have talked about property owners not being included in the legislation. If there is a row of shops and people are living between the shops, and the businesses decide that there is much-needed work to be done to a range of shops, can landlords, or those who own living accommodation between the businesses, take part? It would be crazy if faults were found across a number of businesses and that the only people to get work done were those who owned those businesses.

927. **Mr McArdle:** We can clarify that. If there is a row of shops and there are tenants in some shops and none in others, but there are landlords —

928. **Mr F McCann:** I am talking about people in living accommodation.

929. **Mr McArdle:** Do you mean residential?

930. **Mr F McCann:** Yes.
931. **Mr McArdle:** I am sorry. No. This is about business initiatives and business improvement districts. Residents will be consulted as part of the process, but they will not be asked to pay a levy or to vote.
932. **Mr F McCann:** What I am saying is that, say for talk's sake, much-needed work was done to the whole block and there were residents living between businesses, it would be easier if work was also done to the living accommodation. Can the people who live there buy into the work that may take place?
933. **Mr McDaid:** Yes, on a voluntary basis. However, that would not be formal.
934. **Mr F McCann:** It would be cheaper to buy into that than it would be to pay individually.
935. **Mr McArdle:** It would. I gave you the example of the Clarkston business improvement district. As I said, there is a big street in Clarkston with rows of shops on either side, but there are also residential properties. The whole community bought into that BID, and the residents in those properties have benefited from the improvements in the area. They did not stop the improvements and start them again when they went past the houses. They included everything in the proposal.
936. However, it would be up to the BID proposers. They will put their money in, and it will be up to them how they spend their money and determine whether they should include the residential properties in their proposals. To my mind, it would be daft not to include them, but it would be up to the BID proposers.
937. **Mrs Cheesman:** If anyone makes a voluntary contribution, they would not be entitled to a vote. It would only be those who are —
938. **The Chairperson:** You would presume that if someone is prepared to make a voluntary contribution, they would be satisfied with the result.
939. **Mrs Cheesman:** Yes.
940. **The Chairperson:** I think the point being made is that you could have a row of shops, with residential properties, whether it is a front door to a flat above. You see that in Stranmillis and in places such as that. You would presume that if someone was going to do work in that block, they would not leave a door —
941. **Mr McArdle:** No. They would not leave that.
942. **Mr F McCann:** You would like to think that they would not.
943. **The Chairperson:** The question we were asking is whether people, on a voluntary basis —
944. **Mr F McCann:** Buy into it.
945. **The Chairperson:** — can subscribe, and the answer is yes.
946. **Mr McArdle:** Yes.
947. **The Chairperson:** OK. We completed that in quick time.



Northern Ireland
Assembly

Appendix 3

Written Submissions

List of Written Submissions

Antrim Borough Council

Armagh City and District Council

Association of Town Centre Management

Ballymena Borough Council

Belfast City Council

Carrickfergus Borough Council

Castlereagh Borough Council

Coleraine Borough Council

Cookstown Borough Council

Craigavon Borough Council

Fermanagh District Council

Northern Ireland Independent Retail Trade Association

Northern Ireland Local Government Association

Northern Ireland Retail Consortium

Royal Institute of Chartered Surveyors

University of Ulster

Antrim Borough Council

This is Antrim Borough Council's agreed response to the call for evidence:

That Council broadly welcomes the Bill to introduce Business Improvement Districts and is content that key concerns previously raised by Council regarding the collection and enforcement of the additional levy, as well as flexibility for local arrangements, have been addressed. Council's response is subject to it having the opportunity to give consideration to the detailed operational guidance from the Department once this becomes available, particularly as regards the role of district Councils once the new legislation is in place. Members asked that the Department takes into account the impact that the proposed levy may have on local businesses, especially those facing financial difficulties.

Thank you

Paul Kelly

Assistant Director - Development
Antrim Borough Council
Antrim Civic Centre
50 Stiles Way
Antrim
BT41 2UB

Armagh City and District Council

11CM13

Committee for Social Development
Northern Ireland Assembly
Room 412, Parliament Buildings
Ballymiscaw
Stormont
BELFAST BT4 3XX

Dear Sir/Madam

Business Improvement Districts Bill – Primary Legislation

Armagh City and District Council welcomes the opportunity to respond to the above consultation document and would make the following comments:

1. The Council very much welcomes the introduction of legislation for Business Improvement Districts (BIDS) at this time, bringing Northern Ireland into line with legislation already in place in the Republic of Ireland and Great Britain. There are many examples of best practice in the operation of BIDS and we would encourage the Department to benefit from lessons learned elsewhere in the development of Secondary Legislation and future guidance in relation to BIDS.
2. The Council welcomes the changes made to the legislation in response to the Department's consultation held in 2011. In particular, we are pleased that Land and Property Services will take on a responsibility in the administration of the BID Levy, and we look forward to scrutinising the relevant details in future secondary legislation and guidance from the Department.
3. The Council would ask that the Department ensures that any secondary legislation and guidance is mindful of the difference in size and scale of urban centres across Northern Ireland and that flexibility is built in to allow all towns and cities the opportunity to progress a BID should they so desire. We would also request that town and/or city partnerships who choose not to introduce a BID continue to be supported by the Department in their endeavours without penalty, where locally it is felt creating a BID is not a suitable option at that time.

The Council wishes to be kept informed of developments. It would be helpful if your response could be e-mailed to jennifer.mcaneney@armagh.gov.uk.

Yours faithfully



John Briggs

Clerk and Chief Executive

Association of Town Centre Management



ATCM NORTHERN IRELAND

Reply to:
65B Main Street
Bangor, BT20 5AF

Dr Kevin Pelan
Clerk, Committee for Social Development
Room 412, Parliament Buildings
Ballymiscaw,
Stormont,
Belfast, BT4 3XX

19th September 2012

Dear Dr Pelan,

Business Improvement Districts Bill

Thank you for the opportunity to comment on the proposed legislative framework for the BID scheme in Northern Ireland. As Regional Chairman of the Association of Town Centre Management I am very aware that officials from DSD have consulted closely with senior officers of the ATCM in the construction of the draft legislation. This will inject considerable expertise and experience of managing the BIDs process, into the NI structure. You will be aware that BIDs have been active in England, Wales and Scotland for some years so a significant body of working knowledge has been developed and this has now helped guide the NI process.

On this basis the ATCM would have no further comment other than to confirm its support from regional practitioners in its current form and to assure the Committee that once passed as legislation it will be a welcome addition to the regeneration policy infrastructure.

Although it doesn't impact upon the legislation the ATCM in NI would call upon the Department to:

1. Fund the early start-up costs of BIDs partnerships &
2. Invest in a BIDs Academy for all potential participants to learn from past experience and to reduce wasted time and energy on inappropriate proposals.

I am pleased to be able to respond to your correspondence in such a manner and would thank the Department for the early consultation to enable the draft legislation to proceed smoothly.

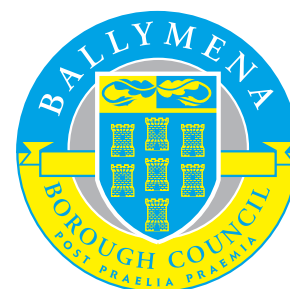
Yours sincerely

Stephen Dunlop MRICS
Regional Chairman
Association of Town Centre Management – Northern Ireland

Ballymena Borough Council

Business Improvement Districts (BIDs) Bill
(BILL 9/11-15)

Response on behalf of
Ballymena Borough Council



September 2012

1. Background to the Response

Ballymena Borough Council welcomes the opportunity to respond to the Business Improvement Districts Bill as introduced in the Northern Ireland Assembly on 25th June 2012. Ballymena Borough Council has been actively engaged in the BID Consultation process to date, submitting a detailed response to the Initial Consultation Paper in February 2011. The Council has also had regular meetings with DSD and other government departments since the first consultation period to actively shape and influence the debate.

Council is working in partnership with Ballymena Town Centre Development Ltd (BTCD) to deliver an Interreg funded project which will support the delivery of a BID in Ballymena town centre. Much of the preparatory work including consultation and viability studies has been completed. A detailed BID Implementation Plan sets a target date for the ballot process to take place in Spring 2014. The BID Implementation Plan is based on the timely conclusion to the legislative and consultation process for the introduction of BID legislation in Northern Ireland and will result in the first formal BID in Northern Ireland. Council is committed to working closely with DSD to deliver this ambition.

2. Ballymena Context

Ballymena has proactively supported the BID concept at a local level and introduced the first voluntary BID (V-BID) in Northern Ireland. Ballymena has also acted as the lead Council in an innovative Interreg IVA funded project which was designed to promote effective partnership working and BID development across 5 towns in Northern Ireland, the Republic of Ireland and Scotland. Council has worked with the key stakeholders in the town to create a partnership company, Ballymena Town Centre Development Ltd (BTCD) which will deliver a BID Implementation Plan, a key output of the Interreg programme. Ballymena was the only town which was assessed by the consultancy team to be BID- ready. The Implementation Plan assumes that legislation will be in place by Autumn 2013, the target date set by DSD at a meeting in April 2012. It is imperative that the legislative and consultation process adheres to this target date, to allow Ballymena to proceed to Ballot in early Spring 2014. Council is working closely with BTCD on this consultation process and additional lobbying activity to advance the BID legislation.

Ballymena's ambition to be the first BID in Northern Ireland is part of a wider strategic priority for the Council and a key strand of the Integrated Economic Development Strategy. This is to secure and grow the Town Centre economy through a Destination Ballymena approach. Destination Ballymena articulates the vital role of the Town Centre as a key economic driver for the Borough and defines its role in relation to the unique villages that make up the Borough. It recognises their co-dependency and collective role in establishing a strong business proposition and promotional platform that will drive footfall and employment opportunities for the Borough. The Ballymena BID will be an integral part of this ambitious process. It will be a crucial source of additional funding, but, even more importantly, it will be a vehicle to develop the key public/private stakeholder relationships that will be crucial to its success.

3. Introduction to the Bill

The proposed Bill introduces provisions to allow for statutory Business Improvement Districts (BIDs) in Northern Ireland and will provide a general legislative framework for a BID scheme. Many of the provisions in the Bill will provide for the later introduction of statutory rules. It is largely through these instruments that the detail of what is required legislatively, to underpin the introduction of BID arrangements, will be put in place. The Department's intention is to allow maximum flexibility within the general framework provided for in primary legislation, in order that the scheme can be adapted to suit local needs. In summary, the Bill will:

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

The Bill has been developed in consultation with DOE, DFP and DOJ in recognition of the overlap with their areas of policy responsibility. DSD first consulted on proposals for Business Improvement Districts in early 2011. From the responses received it is clear that there is an overwhelming support for the introduction of BIDs in Northern Ireland. 95% of responses were very supportive, feeling that the BID model would facilitate local businesses to work in partnership with local government in addressing issues impacting on the viability and vitality of town centres. The main area of concern raised in the consultation related to responsibility for the billing, collection and enforcement of the BID levy. The Department had proposed in its consultation paper that this should be handled at local council level. However, a significant percentage of respondents suggested that this responsibility would be better placed with Land and Property Services (LPS) which currently carries out a similar role in its collection of the annual rates. Following discussions with the Department of Finance and Personnel (DFP), it has been agreed that LPS will take on a role in the administration of the BID levy, the details of which will be set out in secondary legislation and guidance from the Department.

Three options were considered.

Option 1 was to do nothing and allow BIDs in Northern Ireland to continue based on voluntary contributions with no mechanism to require payment or enforcement of a levy.

Option 2 was to develop legislation which would enable the introduction of statutory BIDs and provide a framework for regulation. Legislation would be flexible and the Department would leave questions such as the rate of the levy and relative contributions of different businesses to local discretion while providing a framework of advice and guidance.

Option 3 was to develop more prescriptive legislation that would attempt to regulate more aspects of BIDs operation and place more emphasis on standardisation and central control rather than local discretion.

Option 2 was chosen as the preferred option as it was considered that it offered the best balance between a statutory framework and local discretion for the local business community to determine appropriate costs.

4. Responses to the Clauses of the Bill

Clause 1: Arrangements with respect to business improvement districts

Council supports the proposed arrangements which allow a BID to be created in a defined area which need not involve businesses that are within a discrete geographic area, but can consist of businesses that are linked thematically, or that are near to one another without being wholly adjacent to each other. This will allow Councils more scope and flexibility in two ways. One, to create BIDs under a specific theme, such as tourism, will allow Council to firmly align the BID within the Council's wider strategic context and key corporate priorities. Secondly, it provides more scope to maximise the potential BID revenue stream, which will be a crucial issue for many towns across Northern Ireland, given their size and total rateable value.

Clause 2: Joint arrangements

Council supports this Clause which allows the Department to make regulations outlining the procedure for when a BID proposal covers an area lying within the boundaries of two or more district councils. This again will maximise the potential BID revenue stream, and will allow for swift and smooth integration of BID schemes in a post RPA environment.

Clause 3: Additional contributions and action

This Clause allows district councils, and any other person identified in the "BID arrangements", to make voluntary financial contributions towards funding a BID project. This will be an essential prerequisite to many BIDs becoming a viable proposition and will introduce a key element of financial flexibility and the ability to tailor budgets to suit individual locations.

Clause 4: Duty to comply with arrangements

This Clause places a duty on a district council to comply with the BID arrangements, once these are in force. This will require detailed discussions and a close working relationship with the local Councils for the remainder of the BID legislative process. There is a huge onus and corporate responsibility placed on Councils in the legislative details agreed to date and within this consultation process, without a lot of detail on the practical delivery or potential liability. There is a delicate balancing act to ensure that BIDs are enshrined in a legislative framework that is robust enough to ensure that is viewed by the key stakeholders as a sustainable, legal funding entity and allowing the BID the flexibility to respond to the environment that is operating in. It is essential that these discussions are transparent and inclusive.

Clause 5: BID proposals

In the main, Council supports the proposed BID proposals which are closely aligned to the Scottish legislation. The proposals will ensure that BIDs are developed within a recognised, agreed legislative framework and operate in a professional, uniform manner across the province. This will be essential to gaining the early and continued support of the wider business community. BID proposals must identify ratepayers that are eligible to take part in the ballot. The Department will set out in regulations the persons who can draw up BID proposals; the procedures for consultation, including who can be consulted on the proposals;

the procedures which a person taking forward a BID arrangement should follow when drawing up BID proposals; what should be outlined in the BID proposals; when the BID arrangements would commence; the circumstances in which disclosure of relevant information must be made by DFP; the purpose(s) for which this information may be used; and provides for the creation of offences and penalties in relation to the unauthorised disclosure of any data provided by DFP.

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.

Clause 6: Entitlement to vote in Ballot

Council supports this Clause which sets out how entitlement to vote is determined. The Clause mirrors that of the Scottish, Welsh and English Bills. It requires the BID proposer to provide a statement to the district council that lists all those who will be eligible to vote in the BID ballot. The choice of who can vote is ultimately determined by the names appearing in the statement prepared by the BID proposers and the decision of who appears on the list is vested in the BID proposers. A person will be eligible to vote if he is chargeable to rates in respect of a property on the Net Annual Valuation (NAV) list within the BID area.

Clause 7: Approval in ballot

Council supports this Clause which sets out how approval of the ballot is determined as, similar to Clause 6 above it adopts tried and tested legislation across the other UK jurisdictions and represents international best practice. This Clause sets out the conditions that must be met before a BID ballot can be regarded as approved. The conditions are:

- A majority of the votes cast are in favour of the BID proposal;
- At least 25% of those entitled to vote have done so;
- Those who vote in favour represent a greater aggregate of net annual value than those who vote against;
- At least 25% of the aggregate of the net annual values of all hereditaments, in respect of which an eligible ratepayer is entitled to vote, have done so.

Council agrees with the proposal to frame the voting system in terms of votes cast as the only equitable and manageable way forward. This is similar to the legislation in Scotland, England and Wales and most other jurisdictions where BIDs exist. Council are in favour of the same ballot approval procedure of a majority (over 50%) in both number of votes cast and rateable value, to protect the interests of both small and large businesses. Council believe that the minimum turnout should be set at 25%, to ensure a credible voting face, and note the issues in the Republic of Ireland where this level has not been set and BIDs are set up without a strong mandate.

Clause 8: Approval in ballot – alternative conditions

To avoid confusion, particularly in the early stages of introducing BIDs across NI and also given the relatively small size of NI towns and cities, Council does not feel it is necessary to introduce alternative conditions for approval of a ballot, such as introduction of a higher margin of either net annual values, or numbers of votes cast, or both, before a BID ballot can be taken as approved.

Clause 9: Power of veto

This Clause confers the right to veto BID proposals on a district council. It requires the district council to notify the BID proposers whether or not it will use its veto, and to provide reasons for that decision, including where the veto has not been applied. Clause 9 also provides that the circumstances in which the district council may veto a BID proposal may

be prescribed by the Department and that the Department may also prescribe the matters which the district council must consider before it may veto a BID proposal. Where the veto is applied, the ballot will not take place. District councils are also required to inform the person drawing up the BID proposals that he has a right of appeal against the veto to the Department. The district council must also notify the BID proposer of the details of that right of appeal. Councils do need to have the power of Veto in exceptional circumstances to provide adequate protection for the rate payer.

Clause 10: Appeal against veto

This Clause allows any person who was entitled to vote in the BID ballot to appeal to the Department against a district council's decision to veto BID proposals. The Department will be able to make further provision via regulations as to the process behind an appeal. Council agrees that there also need to be a regulatory requirement to appeal against the veto, exercised by the Department to ensure transparency, but, as before, careful and detailed consultation will be required to agree the details of the regulations going forward.

Clause 11: Commencement of BID arrangements

This Clause provides for the BID arrangements to come into force on the day detailed in the BID proposals. It also places a duty on the district council to ensure the BID arrangements commence on the relevant day. While Council agrees with the need for the BID arrangements to come into force on the day detailed in the BID proposals, which is in keeping with the nature of the commercial agreement that is being entered into, it should be the responsibility of the BID company or team to ensure that this is the case, not the Council.

Clause 12: Imposition and amount of BID levy

This Clause provides that a BID levy can only be raised while BID arrangements are in force, and provides that the levy is to be calculated in accordance with the arrangements. The BID levy is not limited to being calculated on the basis of rateable value. It could for example be a flat rate levy. This clause also allows a BID levy to be different for different classes of ratepayer, which means relief(s) could be provided from the BID levy. Subsection (5) requires BID proposals to state whether the costs of developing the BID proposals and holding of the ballot are to be recovered through the BID levy.

The rate of levy has been the subject of much debate in other parts of the UK. It is recommended to be between 1 and 2.5% of the rateable value, although, recently, in their publication "Industry Criteria and Guidance Notes for BIDs", the British Retail Consortium (BRC) and the Interbank Rating Forum (IBRF) as guide for their membership base, which, collectively makes up a significant proportion of the rateable base of most larger towns and cities, have put forward a strong recommendation for levies of up to and including 1%. This, it is argued, may discriminate against smaller locations and prevent them from achieving a worthwhile annual budget. This issue will be particularly relevant in Northern Ireland and is worthy of further discussion and debate, particularly with the BRC. There is also an issue about the uniformity of the levy to be considered. Participants noted the example of Bathgate in Scotland where businesses with a rateable value of less than £10k were liable for a one-off payment of £100, and that larger businesses operated on the more common %age of rateable value calculation. The ability of the BID to pull in additional funding resources may also be a significant factor in the Northern Ireland context, as the total levy amount achievable may be quite small in the majority of cases. It would be considered important that this flexibility to pull in other funding sources was upheld within the regulatory framework. The issue of "cost neutral" BIDs i.e. the ability of the BID to offer significant cost savings through collective buying power or procurement is another important factor in the established UK BIDs is another issue which must not be overlooked and considered in more detail within the NI context.

Clause 13: Liability and accounting for BID levy

This Clause provides that BID proposals must specify who is liable for the BID levy, and that a person's liability is to be determined in accordance with the BID arrangements. It further specifies that all levy monies be paid directly to the district council which made the BID arrangements in question.

Ballymena Borough Council believes that this Clause is too prescriptive and does not reflect the flexibility and ability to adapt to local needs that is apparent in other clauses. Councils who have put in place a strong partnership structure with strong governance and financial operating framework and operate as a limited company or other suitable legal structure should have the flexibility to transfer this accounting and liability for the BID levy to the local legal entity. This would again facilitate the notion that this is a commercial arrangement of which Council is a key partner and not the enforcer. Council does accept that in many cases, particularly in smaller towns, the Council will need to assume this role.

Clause 14: BID Revenue Account

This Clause requires a district council to open an account which is exclusively used to hold all revenues pertaining to a particular BID arrangement. This clause also gives the Department powers to make further provision relating to the BID account by regulations. The same comments apply as in Clause 13 above.

Clause 15: Administration of BID levy etc.

This Clause provides that the Department may make regulations governing the imposition, administration, collection, recovery and application of the BID levy. Again, the need to ensure that there is careful and detailed consultation with the Councils on the details of the regulations going forward will be required. Again Council would reiterate the need to ensure that the careful balance between a sound legislative framework and the position of Council as a partner rather than simply an enforcer needs to be achieved. Research in to best practice and the experiences of other jurisdictions will be essential here.

Clause 16: Duration of BID arrangements etc.

This Clause sets a maximum time limit for BID projects of 5 years. It also provides for BID arrangements to be renewed, but only where a further ballot is approved under the same conditions as outlined in clause 7 or clause 8, if alternative conditions used. This clause also allows the Department to make regulations setting out the procedure for alteration and termination of BID arrangements. Ballymena Borough Council believes that a timeframe of 5 years is considered appropriate to ensure that BIDs have an appropriate timeframe to demonstrate tangible benefits and yet cannot run on indefinitely if it is not seen to be delivering, which is the case in the Canadian model.

Clause 17: Regulations about ballots

This Clause allows the Department to make regulations governing the ballot process, particularly, but not exclusively, in relation to:

- (a) The timing of ballots;
- (b) The persons entitled to vote;
- (c) The question to be asked in a ballot;
- (d) The allocation of votes to those eligible ratepayers entitled to vote in a ballot;
- (e) The form that ballots may take;
- (f) The persons who are to hold ballots;
- (g) The conduct of ballots;

- (h) Allowing the Department to declare ballots void in cases of material irregularity;
- (i) Enabling a district council to recover the costs of a ballot.

As above, the need to ensure that there is careful and detailed consultation with the Councils on the details of the regulations going forward will be required. The comments in Clause 15 also apply in this case.

Clause 18: Power to make further provision

This Clause allows the Department to make consequential and transitional provisions where necessary. Council accepts the need for this clause in the interest of flexibility and adaptability to local need within a sound legislative framework, but again would request close consultation on their practical delivery.

Clause 19: Further provision as to regulations

This Clause provides that any regulations made in the Bill are subject to negative resolution procedures in the Assembly, other than regulations under clause 9. Draft affirmative procedure is required for regulations under clause 2(1) (where they contain provision which modifies other legislation), clause 5(2)(f)(iii) (the creation of offences and penalties in connection with any unauthorised disclosure of such information), clause 9(3) (circumstances in which the district council veto may be exercised) and clause 18(1) (where they contain provision amending any other statutory provision). Council agrees with this requirement subject to the consultation referred to above.

Clause 20: Crown application

This Clause provides that the Bill applies to the Crown. Agreed.

Clause 21: Interpretation

This Clause provides definitions of terms used in the Bill. Agreed.

Clause 22: Short title

This Clause provides that the new legislation shall be known as the Business Improvement Districts Act (Northern Ireland) 2012. Agreed.

5. Additional Issues pertinent to Ballymena

a) Government Support

Ballymena Borough Council do not agree with the statement in the Bill that the proposals should not have any significant financial implications for the Department and that the operation of BIDs will require the Department to fulfil a central guidance and support role which can be met from within existing resources. It does not satisfactorily address the additional funding issue which will be a major factor for many locations across the province considering a BID. The Bill alludes to the provision of the additional funding being considered at a later date but does not make any firm commitments. The provision for Land and Property Service (LPS) and district councils to have the option of recovering from the revenue raised by the levy, any costs incurred from the BID levy administration, data sharing and ballot arrangements could damage the commercial viability of many BIDs, as a large percentage of the revenue raised will have to be re-directed to funding the BID process. This will be a divisive Ballot issue.

Ballymena Borough Council would advocate strongly that the Scottish government support model be followed. BIDs Scotland is a properly resourced body set up to give guidance on the development of BIDs in Scotland. As well as staff expertise and contact, training provision

and capacity building, web-based support services in the form of legal templates, publications and research updates have proved extremely useful.

The provision of a BIDs Development grant of £20k has been instrumental to the success and quality of Bids in Scotland, and has allowed smaller locations that may not have otherwise been able to afford the initial set up costs, estimated to be between £30k - £70k.

The provision of strong central government support and guidance is vital to ensure that BIDs are developed in the correct commercial and environmental context and have been subjected to a rigorous and thorough Feasibility Study which demonstrates that a BID is the best option and other alternatives have been considered. The existence of BIDs Scotland has been a key driver in the creation of properly managed, resourced BIDs with sound business planning and sustainable funding mechanisms in place. It also ensures that the BID development process is strategically and financially separated from the BID Business Plan.

b) Base-lining Current Services

Council has a key role in providing baseline service information to alleviate concerns that the BID will replace existing Council services, rather than supplement them. Research by British BIDs and UK BIDs Advisory Service, operated by the Association of Town Centre Management, have demonstrated that a strong baseline agreement is essential to demonstrate to local businesses where and how their money is being spent. It is also vital to the future sustainability of the BID. Research has also demonstrated that this exercise has been useful in assisting Councils to evaluate and add-value to existing service provision. It is clear that Council will initially need support and expert assistance in this exercise.

c) The accuracy of Rateable Value data

Council will need to work in close partnership with LPS to provide the up-to-date ratings information that will be crucial to the preparation of a BIDs Business Plan. Ballymena, given our recent experiences in the preparation of an initial BID Viability Assessment would have grave concerns over the accuracy and validity of the NI ratings information, despite the previous Rates Review. This issue will have to be addressed as a matter of urgency otherwise it will jeopardise the viability and indeed the credibility of many BIDs across the province.

d) Feasibility Exercise

Ballymena Borough Council are of the opinion that regulatory powers should be applied to ensure that any proposed new BID goes through a preliminary feasibility exercise before embarking on a formalised BID process, similar to the process that Ballymena has just gone through. This should include an initial financial viability assessment. These should address the following issues:

- Assess need and why need has arisen?
- Is a BID the best solution, have alternatives been considered?
- Measure the business interest and commitment
- What partnerships are currently in place?
- Does existing partnership provide a strong base?
- Is there an indicative boundary?
- Basic levy calculations?
- Is it worth it?

Ballymena found this process very worthwhile and addressed a lot of issues which had not been considered in the past. It has put the town in a very strong position to take forward a viable BID that will receive strong support at the ballot stage and has informed all partners of the timescales and work involved in the BID development process.

e) Property Owners

Ballymena Borough Council would request further discussion on the issue of whether or not to formally involve property owners in the BID process through the legislative process. This is a contentious issue across all jurisdictions currently operating BIDs and there is no one-size-fits-all solution. Council has noted the inclusion in the Scottish legislation of a more formal regulatory process to involve property owners, but enabling final decisions to rest within the local BID Partnership. The American model also allows for the property owner to become involved. We would propose further consideration and discussion be given to this issue within a NI context as the ramifications of excluding this important sector could be considerable for some BIDs, as it may severely limit the overall income generation potential of the BID. For example, there may be merit in some form of legislation to ensure that the landlord is liable for the levy payment if the property is vacant for a period of over 6 months, similar to the rating system.

Belfast City Council

Development Department

Your reference: Your letter of 9th July 2012

Our reference: #135761

Being dealt with by: JmG/DP

Date: 19th Sept. 2012

Tel: 02890 320202 ext 3792

Kevin Pelan
Clerk
Committee for Social Development
Room 412, Parliament Buildings
Ballymiscaw
Stormont
Belfast BT4 3XX



Committee.socialdevelopment@niassembly.gov.uk

Dear Kevin,

RE: Business Improvement Districts Bill

- 1.1.1. Thank you for inviting us to comment on this Bill. Please find attached our provisional response but note that this is still subject to final ratification by full council.
- 1.1.2. The Council is very supportive of the Bill and the concept of Business Improvement Districts. During these difficult economic times, it is important that businesses are given every possible support to improve their trading environment. Many of the businesses we work with and support and their representative groups have confirmed that they are keen to pursue the option of a BID. We have been made aware of three potential BIDs in the Belfast area alone. As such we would like to see this legislation enacted as soon as possible.
- 1.1.3. We do have some concerns that were raised in the original consultation exercise in February 2011. In particular, we feel that it would be very inefficient for Councils to develop a BID levy collection mechanisms, which would in effect be a duplication of the existing rate collection process operated by Land & Property Services (LPS). While the notes that accompanied the Bill do say that LPS will collect the BID levy, we would be happier if this was in the Bill itself.
- 1.1.4. To address this issue, while still allowing for any changes to rate collection that may occur in the future, section 13(4) could be changed to say "Any amount of BID levy for which an eligible ratepayer is liable will be collected through an amendment to the existing rates."
- 1.1.5. Another particular concern was that the time length of BIDs may mean that any baseline level of service agreed by the Council or the cost for additional services may change over the length of the BID. Hence we would need reasonable flexibility.
- 1.1.6. Section 4 could be amended to give this flexibility. For example, "4) Where BID arrangements are in force, the district council which made the arrangements must make reasonable efforts to comply with them. In the event of significant changes in circumstances, the Council may appeal to the Department to renegotiate the arrangements."
- 1.1.7. Most of our concerns that were expressed in the original consultation exercise have not been directly addressed in the Bill. These include:
 - 1.1.7.1. That our role and responsibilities in organising any ballots is not clear.
 - 1.1.7.2. That our role in terms of oversight and guidance on the development of BIDs is not clear.

- 1.1.7.3. Our power to Veto is mentioned but no guidance is given as to when we would reasonably be able to veto.
- 1.1.8. We appreciate that it is the intention to use secondary legislation to address these issues and would therefore request that we be consulted on the development of this secondary legislation.
- 1.1.9. In the hope that it will be useful to do so, we have included a copy of our original consultation response at the end of this letter. Thank you for asking us to respond to the Bill.

Yours sincerely

John

John McGrillen

Director
Development Dept.
Belfast City Council
The Cecil Ward Building
4-10 Linenhall Street
Belfast. BT2 8BP

Copy of BCC's response to the original consultation in Feb 2011.

Development Department

Your reference: Business Improvement Districts

Our reference: #114365

Being dealt with by: David Purchase

Date: 25th February 2011

Tel: 02890 320202 ext 3792

Bébhinn Ni Bhriain
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Dear Bébhinn,

RE: Consultation: Business Improvement Districts

Please find attached our provisional response to this consultation document. Please note that this is still subject to final ratification by full council.

Overall comments

- 1.1.10. Belfast City Council welcomes the opportunity to respond to the Department for Social Development's (DSD) consultation on Business Improvement Districts (BIDs).
- 1.1.11. While we are aware that the consultation exercise covered both BIDs and Licensing of Pavement Cafés, we have taken the decision to compile two separate responses, given the degree of detail that we wished to include for both issues and the importance that we attach to ensuring that the appropriate legislative frameworks for each are established.
- 1.1.12. Belfast City Council is supportive of the key principles behind the legislation, namely the need for partnership between the public and private sector; the need for BIDs to be business-led; the need for BIDs to target specific issues and to deliver specific, measurable benefits.
- 1.1.13. Belfast City Council has significant experience of working with businesses across the city, both directly and through our support for individual traders' groups and well as Belfast City Centre Management. We are aware that there have been some initial discussions on the potential for Chamber of Commerce BIDs among a number of groups and are willing to engage with all interested parties to explore the opportunities, potential and challenges involved in implementing a BID within our council area.
- 1.1.14. Belfast City Council has a number of significant concerns with regard to the proposed legislation and these have been outlined below. We consider that these are fundamental issues which should be addressed before progressing to secondary legislation.

Specific questions & responses

- 1.2. Are the respective roles of local councils and the Department considered appropriate??
 - 1.2.1. While we are generally supportive of the principles behind the legislation, we have some concerns with regard to the role envisaged for local councils. In particular, we consider that the consultation does not take account of the role the Land and Property Services (LPS) play in the collection of rates and as custodian of that data.

-
- 1.2.2. The consultation document suggests that the roles of local councils are:
- Provision of key information to BID partnerships (ratings information and baseline service information) to assist with the development of BID proposals and calculation of the levy
 - Organisation of formal BID ballots
 - Collection and enforcement of the BID levy.
- 1.2.3. In addition to these legal responsibilities, councils are also expected to “play an important facilitating role.”
- 1.2.4. Taking these in turn, we will identify specific issues and possible concerns.
- 1.2.5. **Provision of key information to BID partnerships:** The consultation indicates the Council is legally responsible for providing ratings information to assist with the collection of the levy. This may be the case in the rest of the UK but within NI this responsibility rests with the LPS. Councils in NI currently do not hold this data and are not responsible for its accuracy.
- 1.2.6. With regard to baseline service information, we have a number of concerns regarding this. These include:
- Our baseline service provision does not remain static – we are subject to a series of constantly changing priorities and these dictate our baseline at the relevant time
 - Moreover, public services are under constant scrutiny at present with government agencies being asked to identify efficiencies and consider potential reductions in service, if appropriate. This makes committing to a static baseline very difficult
 - BIDs are generally committed to a five year plan while councils’ priorities change more regularly than this
 - Need for clarification as to how costs of baseline services are to be provided – should these cover direct service provision only or do overheads need to be taken into account?
- 1.2.7. **Organisation of formal BID ballots:** Councils could potentially carry out this role but it would be important to identify the parameters of the work so that the practical implications could be considered. We understand that the secondary legislation may stipulate that councils can charge for this work if required.
- 1.2.8. **Collection and enforcement of the BID levy:** we have significant concerns with this proposal for a number of reasons. These include:
- 1.2.9. The consultation document indicates the Council is **legally responsible** for the collection and enforcement of the BID Levy. In the rest of the UK the payment of the levy by businesses is collected alongside their business rates in most instances. In NI the collection of business rates is undertaken by the Land & Property Services Agency (LPS). Local councils have no previous role in this field and it does not appear appropriate to engage them in this work. It is our proposal that the business levy should be collected by the LPS. To do otherwise will mean different billing, collection and enforcement systems causing both duplication and confusion. The preferred and most cost effective approach is therefore collection and enforcement by the LPS.
- 1.2.10. If the council was to collect the BID levy, as is proposed, there will be difficulties in ensuring the correct rateable value to use for each property given the constantly changing rates database. Council resources would also be needed to deal with collection, enforcement and appeals. If there is the potential for the Council to require the BID levy to be made in advance by direct debit, this would help to manage these risks.
- 1.2.11. We consider that this element of the proposal will require further exploration and discussion with Land and Property Services.
-

- 1.2.12. The Council may be asked to make a financial contribution to the running of the BID company or the provision of services. The Council could have difficulty in making such commitments for a five year period, given the changing environment and the potential for budgetary constraints.
- 1.2.13. The role of the department is set out as fulfilling “a central guidance and oversight role, with responsibility for monitoring the implementation of BIDs, development of written guidance and provision of support to BID partnerships and local councils”.
- 1.2.14. We consider that there will be a need for additional guidance from the Department with regard to the process for establishment of BIDS, with a view to ensuring compliance with all agreed stipulations. This will be particularly important from the point of view of the ballot, for which the council is to have responsibility.
- 1.2.15. We would also wish to work with the department to address the concerns identified above with regard to council's role in the levy collection and baseline information provision.
- 1.3. Most of the detailed regulation of BIDs will be covered by secondary legislation and will therefore be the subject of another consultation. However, we would be interested to hear at this stage about the degree of prescription which stakeholders feel should be applied to the procedures for this element of the BID process, i.e. the development of proposals, consultation on proposals etc.?
 - 1.3.1. As part of the consultation process for developing a BID, applicants should be made aware of other city developments and priorities for example, the Integrated Tourism Strategy Framework for Belfast, the Belfast Masterplan, the Integrated Economic Strategy, etc.
 - 1.3.2. We recommend that there should be comprehensive guidance covering the development and submission of a BID. This would provide consistency between areas and make it easier for businesses to learn from other BID development. However, any framework must be flexible enough to accommodate the potentially wide ranging types of BIDs that may be developed. We understand from the consultation document that DSD proposes following the Scottish model and therefore we assume that there are lessons to be learned from previous experience in these BIDs.
 - 1.3.3. As previously noted, we have some concerns regarding the proposed role of local councils in BIDs and therefore we trust that this phase of the consultation will allow those to be addressed before proceeding to the next stage of the process. We consider that these are fundamental issues which must be resolved before progressing to secondary legislation, in order to avoid creating a significant administrative and management burden across a number of public agencies, including local government.
 - 1.3.4. Do you agree with the proposal not to require landlords to become involved in the operation of BIDs?
 - 1.3.5. We acknowledge the arguments for not involving property owners, namely the concern that this would increase the administrative complexity of a BID and that any levy cost might be passed directly back to the tenant. However we believe that all necessary efforts should be made to engage landlords in the consultation on a BID which might affect their property and that evidence of this should be prepared as part of the consultation process.
 - 1.3.6. We have experience of working with landlords and tenants as part of a physical regeneration scheme which we undertook in a range of areas of the city – Renewing the Routes. In managing this scheme, we stipulated that owners should make the financial contribution to the works where possible, given that they would benefit from the uplift in property values as a result of the work undertaken. While we accept that not all the work undertaken will directly affect an individuals' property, the cumulative effect of the improvements undertaken in an area should have a positive impact on property values.

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- 1.4. Is it reasonable to frame the voting system in terms of votes cast, rather than eligible votes? Should a minimum turnout be specified in order to validate a ballot??
- 1.4.1. The proposed approach seems fair in that it ensures that neither a large number of small businesses nor a small number of large businesses can carry the vote on their own. We assume that there must be evidence provided in the business case to demonstrate that all eligible businesses have been made aware of the vote and the stipulations around voting. Establishing a minimum turnout figure may help avoid non-payment and non-compliance issues once the BID is operational.
- 1.4.2. It is understood that guidance will be issued as part of secondary legislation to stipulate requirements for voting, once a BID is operational. We would suggest that that should include appropriate safeguards e.g. need for quorum to be present to endorse any new proposals.
- 1.5. Is this a reasonable balance between areas to be covered by legislation and those which will be left to local discretion??
- 1.5.1. We accept the premise that BIDs should be business-led and, as such, no specific stipulations regarding content, partners or coverage can be enforced.
- 1.5.2. However we also acknowledge that councils have the power of veto on any BID and therefore it would be important to be aware of which grounds might be used in any veto of a BID proposal.
- 1.5.3. Consideration may be given to whether a minimum number of properties might be stipulated for an individual BID. This would help ensure that the administrative and management effort was commensurate with the impact of the BID proposals.
- 1.5.4. There may also be difficulties with allowing a BID to set varying levy rates within a bid. This could potentially cause significant delays as businesses try to bargain for a lower levy. Again we defer to lesson learnt in other BIDs but we would suggest that there be very firm guidance in this area if not actual legislation.
- 1.6. What degree of guidance and support would be welcome from the Department??
- 1.6.1. We understand that the Department has carried out a significant amount of research on other BIDs in drafting these proposals. We would welcome some further discussion as to lessons learned and potential replicability in the local context.
- 1.6.2. Belfast City Council and the Department for Social Development are both currently engaged in providing funding to Belfast City Centre Management. We would welcome further discussion with the Department as to the potential implication of the introduction of BIDs on this organisation and any future public support offered to it.
- 1.6.3. While we have already indicated our major areas of concern with regard to the roles envisaged for councils in BIDs, we would request that the Department offsets any significant financial impact on councils, or puts in place arrangements to allow costs to be covered.

Thank you for asking us to respond to the proposals.

Yours sincerely

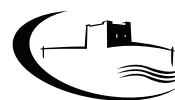
David

Dr David Purchase

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Carrickfergus Borough Council

Dr Kevin Pelan
Committee Clerk
Social Development Committee
Room 412 Parliament Buildings
Belfast BT4 3XX



Carrickfergus Borough

Dear Dr Pelan

Thank you for the opportunity to comment on the Business Improvement District legislation.

The draft legislation was considered by the Carrickfergus Regeneration Partnership and the following comments were made:

- 2(1) In relation to provision for joint BIDS between Councils, will this necessitate the establishment of a Joint Council Committee? A lead partner approach is less bureaucratic and more flexible.
- 7(5) We believe that 25% participation in the ballot is too low a figure, and suggest that this be increased to 40%.
- 14(1) Does the account have to be held by Council? If so, how will the relevant ratepayers control the account? Who is accountable for the money, and who is responsible?
- We understand that secondary legislation will be introduced which will provide further detail on the scheme. Will this include further detail on the format and scope of BID proposals?

Kind regards

Nicole Mulholland

On behalf of the Carrickfergus Regeneration Partnership

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Castlereagh Borough Council



Stephen Reid B.Sc., MBA
Chief Executive

29th August 2012

Castlereagh Borough Council

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Dr Kevin Pelan
Committee Clerk
Committee for Social Development
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Room 412 Parliament Buildings
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BT4 3XX

Dear Kevin

RE: Business Improvement Districts Bill – written submission by Castlereagh Borough Council.

Thank you for your invitation to provide written evidence to the Business Improvement Districts Bill which was formally introduced to the Northern Ireland Assembly on 25th June 2012. I have responded on behalf of Castlereagh Borough Council in relation to specific clauses of the Bill in the summary below.

Clause 4 '**Duty to comply with arrangements**': This clause should be revised to include LPS's responsibility for complying with arrangements.

Clause 12 (5) '**Imposition and amount of BID levy**': This sub-section currently reads, BID proposals 'must include a statement of whether any of the costs incurred in developing the BID proposals, or holding of the ballot are to be recovered through BID levy'. Rather than a statement being provided it would be preferred if BID proposals 'must detail the costs incurred in developing the BID proposal, holding the ballot and delivering the BID proposals and what costs are to be recovered from the BID levy'. Only through provision of this information will District Council's be in a position to review the potential for an improved business environment and local economic growth.

Clause 13 (4) '**Liability and Accounting for BID levy**': This sub-section currently reads, 'Any amount of BID levy for which an eligible ratepayer is liable is to be paid to the district council which made the arrangements'. In accordance with your consultation findings and discussions with the Department of Finance and Personnel

(DFP) should this be revised to reflect collection by Land and Property Services (LPS)?

The Council is widely supportive of the Bill and welcomes the flexibility that the Bill provides to ensure that BID's meet local needs and makes provision to protect the interests of small and large businesses.

Yours sincerely



Colin McCabrey
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Access local business support via: www.nibusinessinfo.co.uk/castlereagh



Coleraine Borough Council



18th September 2012

COLERAINE BOROUGH COUNCIL

Roger Wilson

Town Clerk & Chief Executive

Response on the Business Improvement Districts Bill

To whom it may concern,

Thank you for inviting and providing Coleraine Borough Council with the opportunity to respond to the consultation on the proposed "Business Improvement District Bill".

The Council have responded to each of the suggested Clauses as requested. These are attached for your consideration. Although Coleraine Borough Council are largely in support of the concept of Business Improvement Districts and the valuable role which they can play in the urban regeneration of our towns in the Borough there are some finer details and implications for the Council which are not clear from the proposed Bill and associated documentation provided.

There are a number of powers which the Bill will bestow to Councils, such as:

- allowing Councils to define the Bid area either independently or in partnership with other Councils;
- Require the Council to set up a BID Revenue Account to hold the funds raised through the BID;
- Manage the official Ballot process;
- Determine the eligible area and conditions for approval as well as veto bids

Council welcome the opportunity to work in partnership with the Department of Social Development (DSD) to assist in the roll out of the Bill. However, the Council are mindful that the powers outlined above may have resource, legal and governance implications for the Council. The Council would urge the DSD to engage with the Council in order to gain a greater understanding on the specific anticipated impacts which the recommended powers will have.

We look forward to hearing from you.

Yours sincerely

Roger Wilson
Town Clerk & Chief Executive

Att.

Comments on Business Improvement District Bill as introduced in the Northern Ireland Assembly 25 June 2012 and Explanatory and Financial Memorandum

Coleraine Borough Council welcomes the opportunity to respond to the Business Improvement District Bill as presented to the NI Assembly on 25 June 2012 and would comment as follows:

Clause 1. Arrangement with respect to BID

The Council agree with the recommendations however the Council would state that we should not determine the make up of the BID area this needs to be carried out following consultation with all stakeholders.

Clause 2. Joint Arrangements

The Council agree with the joint arrangements. The flexibility in approach will facilitate the new RPA areas as RPA is planned to be introduced during a BID period (which is normally for 5 years).

Clause 3. Additional contributions and action

3. (2) (b) It would be essential to clarify if any other person encompass other statutory agencies in relation to projects identified within a BID area.

Clause 4 Duty to comply with arrangements

Council agree - No comment

Clause 5 BID proposals

It is recommended that consultation will be needed on the regulations and details to be drawn up by DSD identified in 5. (2) (a-f)

Clause 6 Entitlement to vote in ballot

It is not clear from the proposed Bill who is ultimately responsible for providing the eligible voting list – whether this will be the responsibility of Council or Land Property Services? It should also be noted that this list should be fluid and those who were eligible to vote may not be involved for the full length of the BID. The initial consultation discussed the rights of landlords to vote who are not necessarily the rate payer. It is not clear from the consultation exactly where responsibility now lies.

Clause 7 Approval in Ballot

Council agree - No comment

Clause 8 Approval in Ballot – alternative conditions

Council agrees that 25% should be the minimum for both values. This statement means that any alterations can be upwards only.

Clause 9 Power of Veto

Council agrees that a veto should be in place but would suggest that the conditions for the veto should be drawn up by DSD. These conditions should include a reasonable timeframe to allow for an appeal prior to the vote date. Also the regulations should state who within the district council can initiate the veto, for example the Chief Executive.

Clause 10 Appeal against veto

Council agree – no comment

Clause 11 Commencement of BID arrangements

11. (2) Council would query the need for penalties to be invoked if a commencement of a Bid were to be delayed, for example if collection arrangements were not in place.

Clause 12 Imposition and amount of BID levy

The set up of a BID can take on average 18mths of preparation work to achieve vote status. The provisions that will be made by DSD need to take account of this and clarification will be necessary on how these costs are recovered either from within the levy collected or an outside body – this would have implications for district councils if the cost was to be recouped via council budgets. The Council would not be able to recoup this cost within current administration arrangements. If recovery is to be directed via the bid levy then a phased approach would be advantageous so that it will have minimum impact on project funding.

Clause 13 Liability and accounting for BID levy

Council would query how the provision for non payment of levy would be dealt with, for example, who will administer it, what are the legal implications for non payment etc.

Clause 14 BID revenue account

Council would query what will the cost implications be for councils to introduce this new procedure? Will this be accommodated in the cost recovery for the preparation of the BID proposal? Clear guidance on the administration, liability and governance arrangements, would need to be provided by DSD before the Council could accept the proposed operational outworkings of the BIDS bill.

Clause 15 Administration of BID levy etc.

Council have no comment

Clause 16 Duration of BID arrangements

It is highlighted that provision on who can terminate a BID will be made by the Department. This is being suggested in the Bill however consultation is required and needed with Councils as to the procedure involved as this will have a cost implication and liability implications for the Council. Until these are provided to the Council for comment the Council cannot accept the recommendations with the Bill

Clause 17 Regulations about Ballots

The Council has no comment at the moment

Clause 18 Power to make further provision

The Council has no comment at the moment

Clause 19 Further provision as to regulations

The Council has no comment at the moment

Clause 20 -22

The Council has no comment at the moment

Other comments:

Financial effects of the Bill

17. no comment
18. The Council would query what happens if the BID area does include government departments or other public bodies, Churches etc will the levy still apply? This would be prevalent within Coleraine where the BID area which was looked at under the scoping study did include buildings such as County Hall, Police station, schools, churches, tax office etc

General

The Council would query that the legislation mentions a BID proposer – will there be criteria applied as to who can be the BID proposer. There would need to be more clarity on this issue included within the Bill.

Extensive consultation on the provisions to be determined by the Department has been identified. The Council would query what the time frame is and who will have a chance to input into this process?

Cookstown District Council



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20 September 2012

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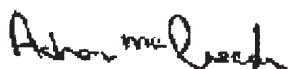
Dear Sir/Madam

Re: Business Improvement Districts (BIDs) Bill (Bill 9/11-15)

I attach herewith consultation response from Cookstown District Council to the Business Improvement Districts (BIDs) Bill number 9/11-15.

If you have any queries, please do not hesitate to contact Council's Economic Development Manager, Fiona McKeown on 028 867 62205, Ext 215.

Yours faithfully



ADRIAN McCREESH
CHIEF EXECUTIVE (ACTING)

Business Improvement Districts (BIDs) Bill (9/11-15)

Response from Cookstown District Council

20 September 2012

Consultation Response to Business Improvement Districts Bill

Clause 1 : Arrangements with respect to business improvement districts

Council welcomes the introduction of legislation that will enable District Councils to make arrangements for business improvement districts. We particularly support the flexibility of the Bill which allows BIDs to be linked thematically or be located near to one another without being wholly adjacent to each other. Such legislation will create and add value to the existing and ongoing work of Local Councils and other partners such as the Department for Social Development, to reinvigorate and regenerate our town centres, which play a pivotal role in determining the economic health of our economy.

Clause 2 : Joint arrangements

Council welcomes this Clause which permits the Department to make regulations outlining the procedure for when a BID proposal covers an area lying within the boundaries of two or more District Councils. This provision is very timely as Local Government approaches RPA given that we are entering an era of partnership working and shared services. Additionally, it may also prove beneficial in maximising the amount of revenue generated in delivering a joint BIDs scheme.

Clause 3 : Additional contributions and action

Again Council would support the flexibility this Clause offers in allowing District Councils, and any other person identified in the 'BID arrangements', to make voluntary financial contributions towards funding a BID project. Whilst there are already immense pressures upon local government funding, it is recognised that in some instances, an element of partner funding may be required, to make a BID proposal, an economically viable proposition.

Clause 4: Duty to comply with arrangements

This Clause places a duty on a District Council to comply with the BID arrangements, once these are in force. The key ingredient to ensuring this process is successful will rely on developing close collaborative relationships with local government. The legislation places an enormous responsibility upon local government but lacks sufficient information on the delivery mechanisms involved and the liability risks.

Clause 5: BID proposals

This Clause ensures that a BID project will only go ahead if the BID proposals have been approved by a ballot of those ratepayers identified in the BID proposals, hence the need to ensure that all eligible ratepayers are clearly outlined from the outset so they can partake in the ballot. Furthermore, this Clause also allows the Department to set out in regulations the persons who can draw up BID proposals; the procedures for consultation, including who can be consulted on the proposals; the procedures which a person taking forward a BID arrangement should follow when drawing up BID proposals; what should be outlined in the BID proposals; when the BID arrangements would commence; the circumstances in which disclosure of relevant information must be made by DFP; the purpose(s) for which this information may be used; and provides for the creation of offences and penalties in relation to the unauthorised disclosure of any data provided by DFP. Council welcomes that BIDs proposals developed under the new legislation will ensure a strong uniform delivery structure across Northern Ireland. Cognisance however should be focused on the volume and extent of work involved in the BIDs process, and therefore, it is absolutely critical that close working arrangements are established at an early stage with local government to consider the content and feasibility of BIDs proposals.

Clause 6: Entitlement to vote in ballot

This Clause requires the BID proposer to provide a statement to the District Council that lists all those who will be eligible to vote in the BID ballot. The choice of who can vote is ultimately determined by the names appearing in the statement prepared by the BID proposers and the decision of who appears on the list is vested in the BID proposers. A person will be eligible to vote if he is chargeable to rates in respect of a property on the Net Annual Valuation list within the BID area. Council concurs with the content of this Clause as it establishes a clear process on how entitlement to vote is determined.

Clause 7 : Approval in ballot

This Clause sets out the conditions that must be met before a BID ballot can be regarded as approved, which are;

- a) A majority of the votes cast are in favour of the BID proposal
- b) At least 25% of those entitled to vote have done so
- c) Those who vote in favour represent a great aggregate of net annual value than those who vote against
- d) At least 25% of the aggregate of the net annual values of all hereditaments in respect of which an eligible ratepayer is entitled to vote, have done so.

Council welcomes the clear and transparent structure which sets out the conditions to be met for a BID ballot to be approved. This represents good practice, and is fitting with how the legislation has been implemented across the United Kingdom.

Clause 8 : Approval in ballot — alternative conditions

At this juncture, Council would not be in favour of introducing alternative conditions to secure the approval of a ballot, given that BIDs are a relatively new phenomenon in Northern Ireland and any attempt to add further procedures to an already complex process may only serve in complicating the process.

Clause 9: Power of veto

This Clause sets out the right to veto Bid proposals on a District Council. It requires the District Council to notify the BID proposers whether or not it will use its veto, and to provide reasons for that decision, including where the veto has not been applied. Clause 9 also provides that the circumstances in which the District Council may veto a BID proposal may be prescribed by the Department and that the Department may also prescribe the matters which the District Council must consider before it may veto a BID proposal. Where a veto is applied, the ballot will not take place. District Councils are also required to inform the person drawing up the BID proposals that he has the right of appeal against the veto to the Department. The District Council must also notify the BID proposer of the details of that right of appeal. In this instance, Council is in favour of having provision included for 'power of veto' which could be exercised, should a unique set of circumstances arise.

Clause 10 : Appeal against veto

This Clause allows any person who was entitled to vote in the BID ballot to appeal to the Department against a District Council's decision to veto BID proposals. The Department will be able to make further provision via regulations as to the process behind an appeal. Council concurs that in developing the legislation, there is a need also make provision to permit appeals against a veto, however, it is essential that the regulations surrounding such are developed in partnership with local government.

Clause 11 : Commencement of BID arrangements

This Clause provides for the BID arrangements to come into force on the day detailed in the BID proposals. It also places a duty on the District Council to ensure the BID arrangements commence on the relevant day. With regard to the last sentence, it is Council's opinion, that BID arrangements commencing on a given day, is the responsibility of the BIDS company which has been formed, and not the responsibility of Council.

Clause 12 : Imposition and amount of BID levy

This Clause provides that a BID levy can only be raised while BID arrangements are in force, and provides that the levy is to be calculated in accordance with the arrangements. The BID levy is not limited to being calculated on the basis of rateable value. It could for example be a flat rate levy. This clause also allows a BID levy to be different for different classes of ratepayer, which means relief(s) could be provided from BID levy. Subsection (5) requires BID proposals to state whether the costs of developing the BID proposals and holding of the ballot are to be recovered through the BID levy.

Careful consideration needs to be given to the amount of the levy to be applied. In Northern Ireland the towns are quite small in scale in comparison to the larger BIDs towns and cities across the UK, which currently have schemes operating. Additionally, many provincial towns in NI have high concentrations of independent retailers and imposing a further substantial levy on them may result in them 'closing up shop'. Some flexibility may need to be applied as a 'one size is not likely to fit all'. Finally, when BIDs companies/teams are developed, options should also be explored to determine if other 'added value opportunities' could arise from such clusters of businesses working together as a cohesive group. This would not only help to cement the core BIDs team but also assist in underpinning the sustainability of businesses in the medium/long term.

Clause 13: Liability and accounting for BID levy

This Clause provides that BID proposals must specify who is liable for the BID levy, and that a person's liability is to be determined in accordance with the BID arrangements. It further specifies that all levy monies be paid directly to the District Council which made the BID arrangements in question. Council highly recommends that cognisance is given to existing local arrangements already established in terms of town centre regeneration. In many instances throughout NI, Town Centre Forum's already exist, which deliver a range of urban regeneration initiatives in conjunction with local Councils. Some form of flexibility needs to be embedded into the BIDs legislation to take account of these excellent working arrangements already in place.

Clause 14: BID Revenue Account

The Clause requires a District Council to open an account which is exclusively used to hold all revenues pertaining to a particular BID arrangement. This clause also gives the Department powers to make further provision relating to the BID account by regulations. Council has much experience in managing and administering funding from a variety of sources and the requirement to hold a separate account/budget for different revenue streams. Again, as in Clause 13, attention needs to be paid to existing local arrangements already in place which are working well. Further consultations should take place with Councils to ensure an optimum solution is achieved which is acceptable to all.

Clause 15 : Administration of BID levy etc

This Clause provides that the Department may make regulations governing the imposition, administration, collection, recovery and application of the BID levy. First and foremost, Council believes that further discussions need to take place with the local government sector to ensure that the arrangements are fitting both now and in the future, as we approach RPA.

Clause 16: Duration of BID arrangements etc

This Clause sets a maximum time limit for BID projects of five years. It also provides for BID arrangements to be renewed, but only where a further ballot is approved under the same conditions as outlined in Clause 7 or Clause 8, if alternative conditions used. This Clause also allows the Department to make regulations setting out the procedure for alteration and termination of BID arrangements. Council considers the five year time scale to be reasonable, however, would suggest that perhaps a one year extension can be added (where required) to allow projects which are nearing completion to be finalised. This may be appropriate, given that new RPA arrangements will also be introduced during the first BID's tenure in NI, and some flexibility should be built-in to take account of this.

Clause 17: Regulations about ballots

This Clause allows the Department to make regulations governing the ballot process, particularly, but not exclusively, in relation to;

- a) The timing of ballots
- b) The persons entitled to vote
- c) The question to be asked in a ballot
- d) The allocation of votes to those eligible ratepayers entitled to vote in a ballot
- e) The form that ballots may take
- f) The persons who are to hold ballots
- g) The conduct of ballots
- h) Allowing the Department to declare ballots void in cases of material irregularity
- i) Enabling a District Council to recover the costs of a ballot

Council believes the proposed regulations governing the ballot process needs to be developed in conjunction with local Councils, as this will be key in determining its success.

Clause 18: Power to make further provision

This Clause allows the Department to make consequential and transitional provisions where necessary. Council understands the need for such provisions but again would urge that early consultations are held with the local government sector to ensure their acceptability and operational practicality.

Clause 19: Further provision as to regulations

This Clause provides that any regulations made in the Bill are subject to negative resolution procedures in the Assembly, other than regulations under Clause 9. Draft affirmative procedure is required for regulations under;

- Clause 2 (1) (where they contain provision which modifies other legislation)
- Clause 5 (2)(f)(iii) (the creation of offences and penalties in connection with any unauthorised disclosure of such information)
- Clause 9 (3) (circumstances in which the District Council veto may be exercised) and
- Clause 18 (1) (where they contain provision amending any other statutory provision).

Again, Council cites the need for early co-operation and consultations with the local government sector in pursuance of the above Clauses.

Clause 20: Crown application

This Clause provides that the Bill applies to the Crown. Council has nothing further to add regarding this Clause.

Clause 21: Interpretation

This Clause provides definitions of the terms used in the Bill. Council has nothing further to add regarding this Clause.

Clause 22 : Short title

This Clause provides that the new legislation shall be known as the Business Improvement Districts Act (Northern Ireland) 2012. Council agrees with this Clause.

Craigavon Borough Council



Business Improvement Districts Bill – Response from Craigavon Borough Council

Further to correspondence received from the Committee for Social Development inviting written responses in relation to the Business Improvement Districts Bill which was formally introduced to the Northern Ireland Assembly on 25th June 2012 the following is a response from Craigavon Borough Council. The response incorporates feedback received from key stakeholders in Craigavon including Lurgan and Portadown Chambers of Commerce.

In general terms those consulted recognised that such legislation could prove useful for specific projects in areas where a levy in addition to rates would be financially manageable for those businesses contained within it however in today's economic climate such groupings or business areas where this would be the case are few and far between.

Theme/Clause	Detail of Clause	Key Issues Identified
THEME - PROCEDURE Clause 5 BID Proposals	<p>5.(1) BID arrangements are not to come into force unless proposals for the arrangements ("BID proposals") are approved by a ballot.</p> <p>(2) The Department may by regulations make provision:</p> <p>(a) as to the persons who may draw up BID proposals,</p> <p>(b) as to consultation on BID proposals,</p> <p>(c) as to other procedures to be followed in connection with the drawing up of BID proposals,</p> <p>(d) as to the matters to be included in BID proposals,</p> <p>(e) as to the date which may be provided under BID proposals for the coming into force of BID arrangements which give effect to the proposals,</p> <p>(f) as to:</p> <p>(i) the disclosure for the purposes of BID proposals of information held by the Department of Finance and Personnel in connection with its functions relating to rating of hereditaments,</p> <p>(ii) the use to which such information may be put, and</p> <p>(iii) the creation of offences and penalties in connection with any unauthorised disclosure of such information.</p>	<p>i)Has an economic appraisal to be carried out each BID proposal?</p> <p>ii)If an economic appraisal is to be carried out who is to carry it out – district Council's or those who would benefit from the projects?</p> <p>iii) What is the specific role of district Council's?</p> <p>iii)Will guidelines be provided as to what proposals would be acceptable - for example can a BID fund revenue or capital projects or both?</p>

<p>THEME - PROCEDURE Clause 6 Entitlement to vote</p>	<p>Entitlement to vote in ballot 6.(1) Entitlement to vote in a ballot held for the purposes of section 5(1) is to be determined in accordance with this section. (2) When submitting BID proposals to the district council, those who have drawn up the proposals are also to submit a statement as to which eligible ratepayers are to be entitled to vote in the ballot. (3) A person is an eligible ratepayer if on the prescribed date that person is chargeable to rates in respect of relevant property. (4) In this section and in section 12 “relevant property” means a hereditament which is— (a) within the business improvement district; and (b) included in the NAV list. (5) In this section and in section 7 “NAV list” has the same meaning as in the Rates Order.</p>	<p>i)Are Charity Shops eligible to vote considering they don’t pay rates? ii)What about Landlords who are paying reduced rates because of subsidies/ special circumstances? iii) In summary - if for whatever reason the eligible ratepayer is paying reduced rates do they get reduced voting capacity in a BID ballot?</p>
<p>THEME – PROCEDURE Clause 9 Power of veto</p>	<p>Power of veto 9.(1) This section applies where a ballot is to be held for the purposes of section 5(1). (2) By such date prior to the date of the ballot as may be prescribed, the district council to which the BID proposals relate is to give to— (a) the persons who have drawn up the proposals, and (b) the Department, notice that the council is or is not vetoing the proposals. (3) The council may veto proposals only in prescribed circumstances and is not entitled to do so after the date prescribed for the purposes of subsection (2). (4) Where the district council has vetoed the BID proposals, no ballot may be held. (5) In deciding whether to exercise the veto, the district council is to have regard to such matters as may be prescribed. (6) A notice under subsection (2) vetoing the BID proposals must— (a) set out the reasons for the exercise of the veto, and (b) give details of the right of appeal under section 10. (7) Any other notice under subsection (2) must set out the reasons for not exercising the veto.</p>	<p>i)For clause 9 (3) what are the prescribed circumstances and who prescribes them?</p>

<p>THEME – BID LEVY</p> <p>Clause 12</p> <p>Imposition and amount of BID levy</p>	<p>Imposition and amount of BID levy</p> <p>12.(1) A BID levy is to be imposed only for periods falling within the period in which the BID arrangements are in force and any references in this section and section 13 to “chargeable periods” are to those periods.</p> <p>(2) The length of any chargeable period, and the day on which it begins, must be specified in the BID proposals.</p> <p>(3) The calculation of BID levy for any chargeable period must be specified in the BID proposals and the amount of the BID levy for such chargeable period is to be calculated in such manner as provided for in the BID arrangements.</p> <p>(4) BID levy provided for in BID proposals may be different for different classes of:</p> <p>(a) eligible ratepayer;</p> <p>(b) geographical area within the business improvement district; or</p> <p>(c) relevant property (within the meaning of section 6(4)), or any combination of these different classes.</p> <p>(5) The provision in BID proposals for calculation of BID levy for any chargeable period must include a statement of whether any of the costs incurred in developing the BID proposals, or holding of the ballot are to be recovered through BID levy.</p>	<p>i)In relation to 12 (4)what if the BID area encompasses various different classes of ratepayer who then each have a different BID levy? In a BID including different classes does each eligible voter have the same voting rights irrespective of the levy that would be applied should the vote be positive?</p>
<p>THEME – BID LEVY</p> <p>Clause 13</p> <p>Liability and accounting for BID levy</p>	<p>Liability and accounting for BID levy</p> <p>13.(1) BID proposals must specify the description of eligible ratepayers in the business improvement district who are to be liable for BID levy for a chargeable period.</p> <p>(2) An eligible ratepayer is to pay a levy for a chargeable period if that ratepayer falls within that description at any time within the period.</p> <p>(3) The amount of an eligible ratepayer’s liability for BID levy for any chargeable period is to be determined in accordance with the BID arrangements.</p> <p>(4) Any amount of BID levy for which an eligible ratepayer is liable is to be paid to the district council which made the arrangements.</p>	<p>i)In relation to 13 (2), if during the period of a BID a property becomes vacant does the landlord of that property then become liable for the levy?</p> <p>ii)In relation to 13 (2), if during the period of a BID a property becomes occupied does liability for the levy transfer to the new tenant?</p>

<p>THEME - ADMINIS-TRATION</p> <p>Clause 14 BID Revenue Account</p>	<p>BID Revenue Account</p> <p>14.(1) A district council which has made BID arrangements must, in accordance with proper practices, keep an account, to be called the BID Revenue Account.</p> <p>(2) Amounts paid to the council for the purpose of enabling the projects specified in the BID arrangements to be carried out must be credited to the BID Revenue Account.</p> <p>(3) Amounts are to be debited to the BID Revenue Account only in accordance with BID arrangements.</p> <p>(4) The Department may by regulations make further provision in relation to the BID Revenue Account.</p>	<p>i)Is BID levy to be collected together with rates or separate to rates?</p> <p>ii)Who is responsible for claw back of unpaid levy’s during period of a BID arrangement?</p> <p>iii) Will Land and Property Services play any role in the recoupment of BID levy?</p> <p>iii)Are there plans to make provisions for reimbursement to businesses within a BID should a BID fail?</p>
<p>THEME -MISCELL-ANEOUS</p> <p>Clause 16 Duration of BID arrangement etc</p>	<p>Duration of BID arrangements etc.</p> <p>16.(1) BID arrangements are to have effect for such period (not exceeding 5 years) as may be specified in the arrangements.</p> <p>(2) BID arrangements may be renewed for one or more periods each of which must not exceed 5 years, but only if the renewal of the arrangements on that or each occasion is approved by a ballot.</p> <p>(3) The renewal of BID arrangements is not to be regarded as approved by a ballot held for the purposes of subsection (2) unless the conditions which applied to the approval of the BID proposals (by virtue of section 7 and, where relevant, section 8) are satisfied in relation to the renewal of the arrangements.</p> <p>(4) The Department may by regulations make provision—</p> <p>(a) as to the alteration of BID arrangements, and</p> <p>(b) as to the termination of BID arrangements.</p> <p>(5) The provision which may be made by virtue of subsection (4)(a) or (b) includes provision preventing or restricting the alteration or early termination of BID arrangements.</p> <p>(6) Nothing in subsection (5) is to be taken as limiting the power conferred by subsection (4).</p>	<p>i)How are individual BID’s to be evaluated?</p> <p>ii)In relation to 16 (2), will there be a stipulation that BID arrangements come back to the district Council to review and approve renewal before a further ballot?</p>

Fermanagh District Council

Business Improvements Districts _ to consider a response to the Department of Social Development regarding the above Bill

Fermanagh District Council welcomes the development of this Bill and thanks the Department of Social Development for the opportunity to respond to the consultation on its content.

The consultation asks for comments on the specific clauses of the Bill and, if appropriate, to suggest alternative or additional wording to the clauses.

The Council is generally supportive of the clauses included in the Business Improvement Districts Bill and is not suggesting any changes to the content of the Bill.

NIIRTA

NIIRTA 
NORTHERN IRELAND INDEPENDENT RETAIL TRADE ASSOCIATION



TOWN CENTRE FIRST

50 SOLUTIONS FOR REINVENTED RETAIL
IN TOMORROW'S TOWN CENTRES

Written and compiled by Glyn Roberts
Edited by Lisa McMaster

www.niirta.com



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WHO IS NIIRTA?

The Northern Ireland Independent Retail Trade Association is the representative business organisation for independent retailers of every kind as well as for wholesalers and suppliers to the sector. Our 1300 members come from every village, town and city across Northern Ireland.

NIIRTA is committed to standing up for our local town and city centres and ensuring our independent retail sector gets a fair deal from Government.

We are members of the Association of Town Centre Management (ATCM) and work closely with local town based Chambers of Commerce and Traders' Associations throughout Northern Ireland. We have also a strategic alliance with the Ulster Chemists' Association.

Along with seven other business organisations, we produced The Jobs Plan manifesto in 2011 and we are amongst the founder members of the Grow NI coalition of business organisations calling for the devolution of the competitive rate of Corporation Tax in Northern Ireland.

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FOREWORD



Professor Lester Manley and the team at Manleys: The Branding House have been delighted to work alongside NIIRTA, the appointed agency in the design and development of this visionary document on the reinvention of the retail sector across Northern Ireland's Town and City Centres.

"At heart, Manleys are creators, thinkers, innovators, strategists, advisors, artists and friends. We are serious about the business of branding and marketing communications because never before has branding and marketing strategy been so important. The team at Manleys work harder, think deeper and go the extra mile to produce creative innovation solutions that deliver results for our clients and with over 25 years of industry experience, we've seen a lot and for that reason, Manleys can offer you - A World of Difference."

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INTRODUCTION

“HOW WE SHOP AS A NATION HAS QUITE SIMPLY CHANGED BEYOND RECOGNITION. FOREVER.”

MARY PORTAS



This report is about the future.

It is about change and the building of modern and inclusive town and city centres which have the right mix of independent, niche and multiple retailers.

It is about turning our town centres into vibrant living communities with a strong café culture and night-time economy.

It is about making them destinations for shoppers and providing the very best in shopping experiences.

Retail is the biggest sector of the Northern Ireland economy and our independent retail sector makes up the largest part of our small business sector.

NIIRTA's vision for our independent retail sector is for modern, forward looking shops which embrace new technology and the very highest standard of customer service. Consumers today will not accept badly laid out shops, inferior customer service or poor choice of product.

Change is the only constant in retail and when retailers refuse to innovate and

reinvent themselves then they risk the future of their business.

Amongst our 50 policy priorities in this report, we include radical proposals for lower taxes, more rate relief and call for further devolution of decision making to local communities and to our new system of local councils.

This report seeks to bring solutions to alleviate the continuing decline in our town and city centres and for a resurgence in independent retailing. We welcome The Portas Review and hope our recommendations can contribute to the debate that this report has created.

Town Centre First builds upon NIIRTA's policy documents, Nightmare on Every Street (2008), Programme for Prosperity (2010) and A Five Point Plan for Fair Rates (2011).

The business community in Northern Ireland needs to be at the cutting edge of new radical ideas and bring solutions to Government, rather than problems.

NIIRTA is very grateful for the support of Manleys in designing this report.

We hope that our ideas and solutions will provoke debate and we look forward to hearing constructive feedback.

Glyn Roberts
NIIRTA Chief Executive
glyn.roberts@niirta.com

THE CHALLENGES FACING NORTHERN IRELAND'S TOWN & CITY CENTRES

**“IN THE UK, 12,000
INDEPENDENT SHOPS
CLOSED IN 2009 ALONE.
THIS IS NOT JUST AN
ECONOMIC TRAGEDY
BUT ALSO A SOCIAL
ONE, AS HIGH STREETS
LOSE THEIR INDIVIDUAL
DISTINCTIVENESS. FAR
TOO MANY HIGH STREETS
ARE CHARACTERISED BY
EMPTY, BOARDED UP
SHOPS SYMBOLISING
THE WIDER DECLINE
OF OUR ECONOMY.
THIS ONLY MAKES IT
HARDER FOR THE SHOPS
AND BUSINESSES THAT
REMAIN.”**

RT. HON NICH CLEGG MP,
DEPUTY PRIME MINISTER, 2010

- > In 2011 over 1000 small shops closed in Northern Ireland.
- > This trend is likely to double in 2012/13.
- > Northern Ireland has consistently scored highest in the UK in the British Retail Consortium's shop vacancy surveys.
- > Many of our towns have shop vacancy rates of between 30-50%.
- > DOE Retail Planning Service is currently processing around 2 million sq. ft. of out of town superstore retail development.

1: PLANNING REFORM

“THE EXECUTIVE SHOULD, AS A MATTER OF URGENCY, REVIEW AND OVERHAUL THE PLANNING SYSTEM TO PUT SPEED AND CLARITY AT ITS HEART. THIS IS ALSO A PERFECT OPPORTUNITY TO REBALANCE THE PLANNING SYSTEM BY INTRODUCING A TOWN CENTRE FIRST POLICY THAT ENSURES TOWN CENTRE SITES ARE GIVEN PRIORITY FOR DEVELOPMENT.”

JANE BEVIS,
DIRECTOR OF THE NI
RETAIL CONSORTIUM

The Context

While Planning is certainly not the only problem facing our local town centres, it is certainly at the very top of the list for a radical change of direction. Retail Planning Policy in Northern Ireland is decades out of date and is in desperate need of modernisation.

NIIRTA is in no way anti multiple supermarket and we fully accept the reality that they are an integral part of the retail offer for consumers. What we are opposed to is the continuing number of out of town superstores that are currently being given planning permission and which draw away vital footfall and jobs from our town centres.

The National Retail Planning Forum conducted research into the impact that 96 out of town superstores throughout England and Wales had on local employment. It showed that each superstore opening resulted in an

average net loss in employment of 276 full time jobs within local small business.

Currently there is about 2 million sq. ft. of out of town superstore development threatening the viability of not only Belfast City Centre, but also the town centres of Magherafelt, Derry/ Londonderry, Strabane, Banbridge, Newry and many others.

Out of town superstores suck away footfall, jobs and shops from town centres and cut the very heart and vitality out of our towns and cities which in turn threatens our café culture and night-time economy. We want to see these big stores locating in our town centres where they would add to the retail offer and generate footfall.

The current Retail Planning Policy gives little or no protection to our town and city centres and we need to see a new policy which safeguards them.



NIIRTA RECOMMENDATIONS

- > A five-year moratorium on any further out of town superstore development should be put in place. During this five-year period, a new Town Centre Development Programme should be introduced, ensuring that any new multiple stores are located in town centres.
- > In addition, during that five-year moratorium, an effective Town Centre Retail Planning Policy, which builds upon draft PPS5, should be put in place.
- > Urgent consideration should also be given to the introduction of a cap on the size of Class 1 out of town retail stores based on the scheme already in place in the Republic of Ireland.
- > A fair and appropriate third party right of appeal needs to be established in relation to major retail planning applications to avoid lengthy and expensive judicial reviews.
- > Given its role in regenerating town centres, the Department for Social Development should be granted statutory consultee status on all large out of town retail applications.

2: BETTER GOVERNANCE FOR OUR TOWN CENTRES

“ GOVERNMENTS MUST SET IN PLACE THE FRAMEWORK TO PROMOTE TOWN CENTRE INVESTMENT AND ACTIVITY.”

MARTIN BLACHWELL
CEO ATCM

The Context

Having three departments (DOE, DSD & DRD) responsible for town centre regeneration and planning makes it difficult to get a joined up approach when having to work with three Ministers, three sets of officials and three different political parties.

In addition, the Department of Finance & Personnel has responsibility for business rates and local councils are also key stakeholders in town centre policy development.

NIIRTA has consistently been a champion for the introduction of Business Improvement Districts (BIDs) in Northern Ireland, which would give local retailers a greater say in how their town centre is run.



NIIRTA RECOMMENDATIONS

- > The regeneration, planning and transport functions of DSD, DOE & DRD should be merged into a single Department for Strategic Development and the remaining functions given to other departments.
- > Pending this merger, a Strategic Town Centre Partnership should be established which brings together the three Ministers and key players in retail and town centre management to advise on policy and ensure effective co-ordination.
- > We support wider moves to create a new Department for the Economy and further Department mergers to reduce the number of Government Departments to eight.
- > Intertrade Ireland should establish a North-South Retail Forum consisting of key retail organisations and relevant Ministers to discuss areas of mutual concern, cross border policy and co-ordination.
- > DSD should bring forward its draft legislation for the introduction of Business Improvement Districts (BIDs) in Northern Ireland and establish an industry working group to oversee their implementation.
- > Local Councils, DSD and the local private sector must be more pro-active in establishing more Town Centre Partnerships to ensure improved decision making in local town centres.

3: CREATING THE VERY BEST SHOPPING EXPERIENCE IN OUR TOWN CENTRES

“I BELIEVE THAT OUR HIGH STREETS ARE UNIQUELY PLACED TO DELIVER SOMETHING NEW. I BELIEVE THAT OUR HIGH STREETS CAN BE LIVELY, DYNAMIC, EXCITING AND SOCIAL PLACES THAT GIVE A SENSE OF BELONGING AND TRUST TO A COMMUNITY.”

MARY PORTAS

The Context

Our town and city centres must adapt to a rapidly changing consumer market. We need to ensure that the consumer shopping experience is the very best, making shopping fun and not a chore.

The independent retail sector must pride itself with that badge of being different and offering something unique to consumers in terms of price, quality and product choice. That's why we strongly support Independent Week in Belfast -because it celebrates the variety and contribution our independents make to the market place.

Town centres are also not just about retail. If we are to increase footfall, attractive, well laid out town centres with a strong café culture, night-time economy and living communities are essential.

The Arts are key drivers in the regeneration of the night-time economy of towns and cities, with visitors spending a substantial amount in local cafés, shops, restaurants and hotels.



NIIRTA RECOMMENDATIONS

- > Every Local Council should organise an annual independent retail week in their town centres to promote the sector, encourage greater spending with small shops and to celebrate the contribution independent retailers make to the community and local economy.
- > The Northern Ireland Tourist Board should further develop its marketing of Northern Ireland as a weekend shopping destination and work with retailers and other stakeholders to achieve this.
- > Support further DSD funding of more 'Virtual Window' schemes, based upon the Perry Street project in Dungannon, to paint and tidy up derelict shops.
- > Encourage Local Councils to give support to the ATCM Purple Flag Programme which offers a detailed examination and, if successful, independent accreditation of the way a town manages its night-time economy.
- > New legislation is required to support the growing desire for a café culture in our town and city centres. A legal framework is essential to allow businesses within the hospitality sector to place tables and chairs in designated areas of the public realm for the sale and consumption of food and drink.
- > Support the manifesto of our colleagues, Pubs of Ulster and its Thrive on 5 Campaign to reduce VAT to 5% for the hospitality industry in Northern Ireland.
- > DCAL should increase support for The Arts Infrastructure to enhance the night-time economy for new venues like the MAC, Braid Centre and Grand Opera House.
- > DCAL to continue to support Cultural Tourist Initiatives and events such as Culture Night in Belfast's Cathedral Quarter and bigger projects like Derry/Londonderry City of Culture 2013.
- > A comprehensive Retail Development Strategy to be developed by Local Councils and Executive for Town Centres. This new strategy would audit vacant shops, look at ways to prepare them for new use and engage with prospective retailers to match them for appropriate town centre sites.
- > Support the expansion of the Re-Store programme to revitalise retail in town centres.
- > Welcome the Belfast City Council Investment Programme and urge long term plans to expand the Renewing the Routes programme to improve Belfast's Arterial Routes.
- > The NI Executive and Local Councils should implement the conclusions of the Consumer Focus Post report 'A Front Office for Government Services' which calls for local Post Offices to be given more of their services and develop the network as community information hubs which would increase footfall for local retailers and town centres.
- > Support more efforts to encourage town centre living such as the 'living above the shop' initiative and looking at providing more affordable housing to make our town and city centres real living communities.
- > The NI Executive needs to focus more on the creative potential of planning, urban design and architecture to address dereliction and abandoned spaces in our town and city centres. NIIRTA fully supports the campaign of our colleagues in the Ulster Architectural Heritage Society and Forum for Alternative Belfast to protect the Built Heritage in our towns and cities.
- > DETI to establish a Retail Policy Review to examine ways to grow the sector and look at Invest NI's role in supporting the next generation of retail entrepreneurs.

4: RATES AND TAXATION - PROVIDING NEW INCENTIVES FOR TOWN CENTRE INVESTMENT

"I HAVE ALSO LISTENED TO VIEWS EXPRESSED FROM VARIOUS ORGANISATIONS ABOUT THE IMPACT OF EMPTY SHOPS ON CORE SHOPPING AREAS. AS A RESULT A ONE YEAR CONCESSION IS AVAILABLE FROM 1 APRIL, ALLOWING 50% EMPTY PROPERTY RELIEF TO CONTINUE FOR A YEAR ON LONG TERM EMPTY RETAIL PREMISES. THIS WILL APPLY WHERE THE PROPERTY BECOMES OCCUPIED IN 2012/13 AND HAS BEEN EMPTY FOR 12 MONTHS OR MORE. RELIEF WILL THEN BE AWARDED FOR UP TO 12 MONTHS, HELPING TO REVITALISE OUR TOWN CENTRES AND CORE SHOPPING AREAS."

SAMMY WILSON MP MLA,
MINISTER FOR FINANCE &
PERSONNEL, 2012

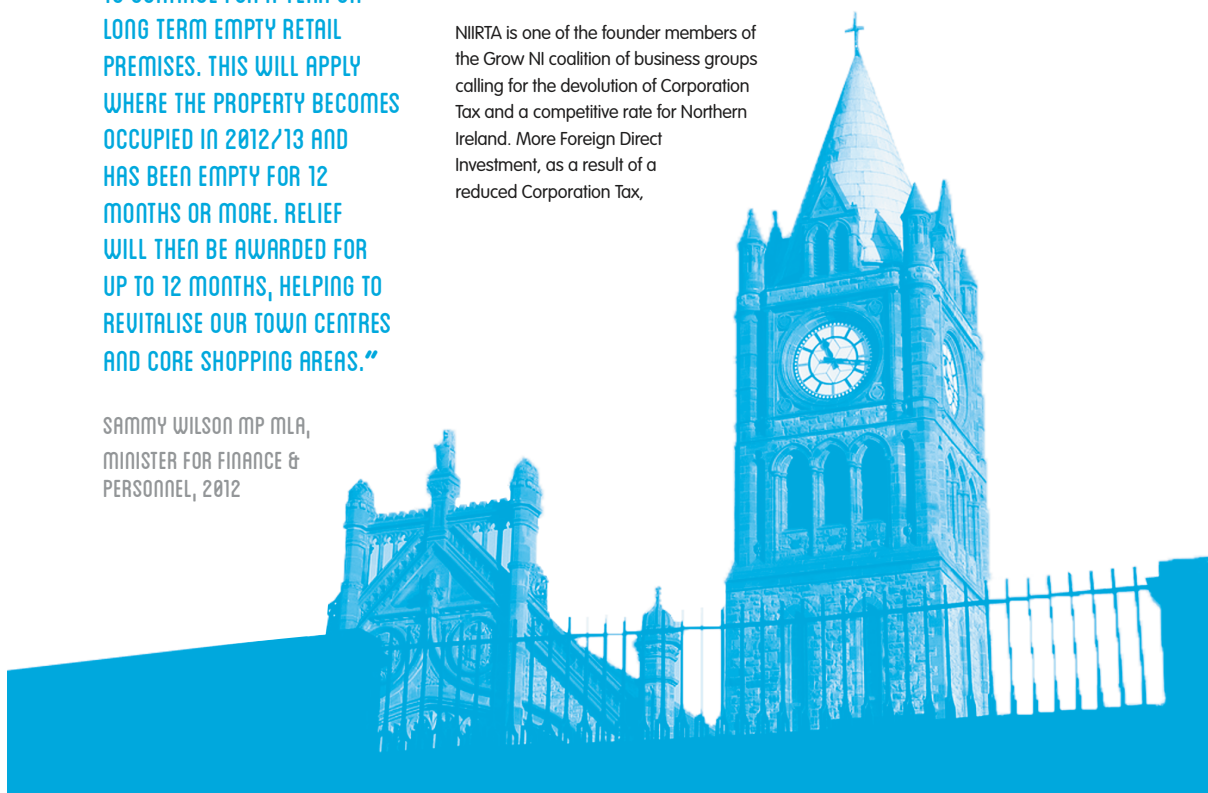
The Context

The NI Executive has a good track record in Rates Reform, introducing and extending the Small Business Rate Relief Scheme, freezing the Regional Rate and introducing a Rates Holiday for those businesses taking up shops which have been vacant for more than a year. However, while much has been achieved, much more still needs to be done to address the problem of excessive Business Rates.

NIIRTA is one of the founder members of the Grow NI coalition of business groups calling for the devolution of Corporation Tax and a competitive rate for Northern Ireland. More Foreign Direct Investment, as a result of a reduced Corporation Tax,

will create more jobs, bigger salaries and more spending in local shops and town centres.

Northern Ireland must also look at how it can adapt the Enterprise Zone model from the rest of the UK to enhance regeneration efforts in our town and city centres.



NIIRTA RECOMMENDATIONS

- > The Executive should bring forward proposals for a third extension of the Small Business Rate Relief Scheme to a NAV of £15,000 by 2016 and provide models of how to fund it.
- > The Rates Revaluation should be brought forward to 2013.
- > Building upon the existing first year Rates Holiday of 50% for businesses taking up vacant shops, an emergency 100% first year relief should be considered for town centres or those which have a 40% or more shop vacancy rate, to support regeneration efforts.
- > In order to support new start retailers, DFP should provide 50% rate relief for those opening short term pop up shops.
- > The Executive should also work with Local Councils to establish Small Retailer Incubation Units for new start traders in town centres and examine ways to provide supportive and appropriate rate relief to develop this initiative.
- > NIIRTA fully supports the Grow NI campaign for Corporation Tax devolution and has signed the Pledge for Prosperity along with all other local business organisations. The NI Executive and HM Treasury should publish a road map of CT devolution and rolling rate reduction over an agreed time frame.
- > In order to provide wider support to the retail sector in Northern Ireland and stimulate consumer demand, the UK Government should reduce VAT by 5%.
- > Small traders should be given a one year National Insurance Holiday if they employ school leavers.
- > The NI Executive should grant the top ten town & city centres with the highest shop vacancy rates with Enterprise Zone status. These zones would include a relaxation of planning regulations to enable faster decisions, rates holidays and other capital allowances to incentivise new retail and business developments in town centres. These zones would be sensitive to any existing conservation areas and fully respect the build heritage.
- > In order to better support local companies being able to tender for Town Centre Schemes and Urban Regeneration Projects, DSD must review its policy in this area.

5: GETTING CAR PARKING & PUBLIC TRANSPORT RIGHT

“I WANT TO MAKE PUBLIC TRANSPORT PEOPLES FIRST CHOICE, NOT LAST RESORT.”

CONOR MURPHY MP MLA,
DRD MINISTER 2007-2011

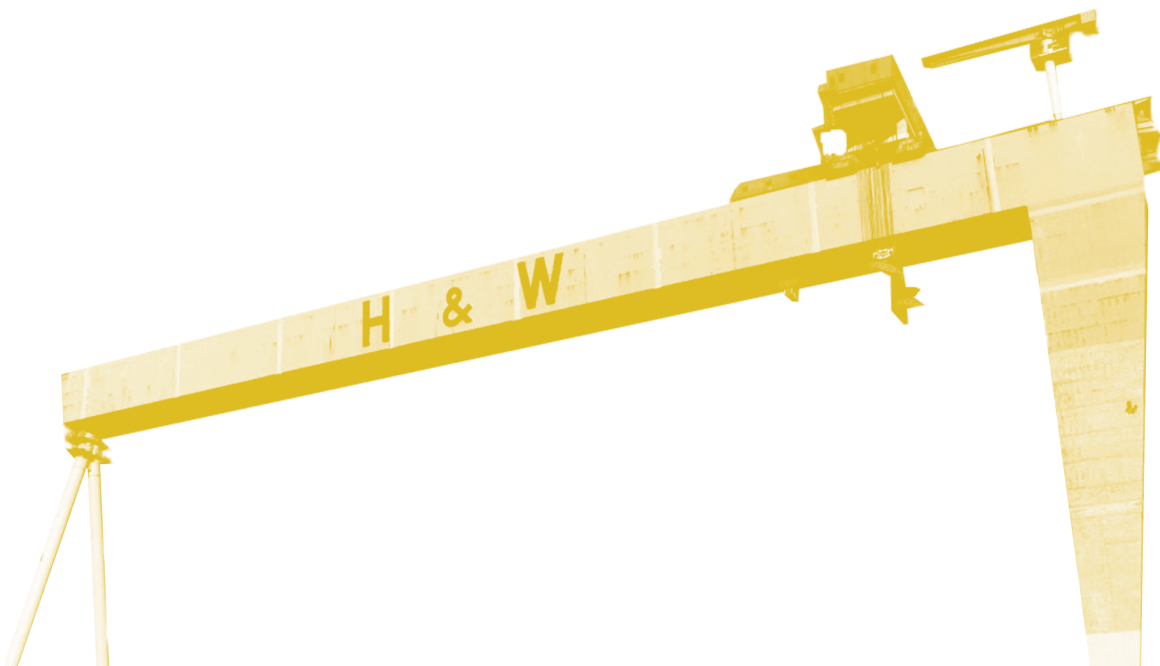
The Context

Having an affordable, accessible and effective public transport system is essential for the future regeneration of our town centres and the growth of our retail sector. A modern public transport structure should maximise efficiency and be responsive to customer needs, in both urban and rural contexts.

We need to see more action to provide affordable town centre car parking, fair and common sense parking enforcement and an end to the 'over zealous' approach by the 'redcoats' which is acting as a deterrent to many shoppers parking in our town centres.

In recent years we have seen some very welcome progress by DRD Minister Danny Kennedy in dropping proposed 'on street car parking charges'.

However much more needs to be done to get car parking right for our town centres so that they are user friendly for shoppers and their cars and have an effective and fair enforcement regime in place to ensure a turnover of cars.



NIIRTA RECOMMENDATIONS

- > A new comprehensive Car Parking Strategy is put in place which provides for affordable and accessible car parking and ensures a new joined up approach across all of our town and city centres.
- > DRD devolve powers to the new eleven Local Councils to give them a greater role in car parking schemes in their areas.
- > A ten year freeze on car parking charges and no further additional parking charges in town centres.
- > The first one to two hour free on street car parking in local towns should not under any circumstances be removed.
- > DRD should examine ways in which to introduce new charges on out of town superstore car parks to ensure parity with town centre charging.
- > The ten minutes 'grace' period when a parking ticket runs out should be strictly adhered to by parking enforcers.
- > A fuller and more transparent car parking fine appeal process should be established.
- > DRD should look at the introduction of a 'timed disc' system for delivery and service vehicles.
- > Translink should give priority to more bus lanes, well designed bus stops with sufficient shelters, good travel information and efficient services that run on time.
- > DRD and DARD should introduce more rural transport schemes, building upon the Dial-a-Lift service and Assisted Rural Transport scheme to support rural dwellers, the disabled and older people.
- > Implementation of the DRD Accessible Transport action plan.
- > More strategic Park and Ride sites to be established to reduce the number of car users coming into town and city centres.
- > NIIRTA welcomes recent investment in the roads infrastructure in areas in need of considerable improvement such as Strabane, Derry/Londonderry, Omagh and Larne who all depend on the road network for shoppers and tourists alike. Continued investment in road infrastructure is vital for our retail sector.
- > Translink's monopoly on public transport should be ended and the private sector given a greater role in providing efficient transport. Privatisation of Translink should not be ruled out as a long term option.

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ABOUT THE AUTHOR:

Glyn Roberts was appointed Chief Executive of the Northern Ireland Independent Retail Trade Association in January 2008 after serving seven years as Head of Press and Parliamentary Affairs with the Federation of Small Businesses in Northern Ireland.

Glyn is currently Vice-Chairman of the Northern Ireland Assembly and Business Trust, a member of the Institute of Directors' Economic Strategy Committee, a council member of Chest Heart & Stroke, board member of Oxfam Ireland and a former Chairman of the Northern Ireland Government Affairs Group.

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Response to the Social Development Committee Call for Evidence on the Business Improvement Districts Bill

September 2012

This response has been drafted to respond to the Social Development Committee call for evidence regarding the Business Improvement Districts Bill. It was drafted in liaison with the Local Economic Development Forum and using evidence from a number of councils.

The NILGA Executive Committee is to consider the key issues for local government at their meeting on 14th September 2012, and it is anticipated that NILGA will be giving verbal evidence on this issue on 18th October 2012.

A summary of the Bill proposals are set out in Appendix 1

For further information or to discuss any of the issues highlighted, please contact Karine McGuckin at the NILGA Offices: Email: k.mcguckin@nilga.org

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Derek McCallan
Chief Executive

20th September 2012

1.0 Introduction

NILGA, the Northern Ireland Local Government Association, is the representative body for district councils in Northern Ireland. NILGA represents and promotes the interests of local authorities and is supported by all the main political parties in Northern Ireland. Economic Development is a key issue for local government, given the leading role of councils in developing local economic growth and prosperity. Councils take their responsibility for economic well-being and job creation very seriously, and are keen to ensure that the wider economic policy frameworks can be translated into council services that are required on the ground.

NILGA welcomes the opportunity to respond to this call for evidence as many of our member councils are extremely keen to move forward with Business Improvement Districts as soon as possible, in partnership with their local businesses. We trust that our comments will be taken into account when developing the final document.

2.0 Background

NILGA would highlight the local authority role as strategic leader in place-shaping, responding to residents' ambitions and aspirations and working with partners to deliver necessary services at the local level. The Association would also point to efforts that have been ongoing through three rounds of European funding to develop the capacity of the local government sector to fulfill a strategic role in the delivery of Local Economic Development (LED), particularly in the context of the RPA process.

The expansion of LED activities undertaken by local councils is highlighted by an almost zero base in the early 1990s, through to a commitment of around £30million per annum in 08/09, two-thirds of which is made up from rates contributions with the remaining third coming from other sources, mainly EU funds.

NILGA strongly welcomes the growing recognition of the role of local authorities as bodies that are capable of making a unique and complementary contribution to the social and economic prosperity of Northern Ireland. Local government is keen to work in partnership with the NI Assembly Departments and Committees to ensure that we can jointly plan and prioritise activity, maximising resources available to grow our economy.

NILGA welcomes the recognition of the need for an integrated and coherent approach to economic development within the region and the role of partners in delivering a shared economic agenda.

3.0 General Comments

- It is increasingly evident that there is huge support for introduction of Business Improvement Districts in Northern Ireland, and that a locally applied BID model would facilitate local businesses to work in partnership with local government in addressing issues impacting on the viability and vitality of town centres. This Bill is therefore broadly welcomed.
- The ‘high level’ nature of the Bill is of some concern however, and it is **imperative** that councils are materially involved in working with the Department on more detailed policy and legislation.
- The intention of the Department to allow maximum flexibility within the primary legislation is noted, but it is the view of NILGA that there are a number of specific issues that would be better detailed as specifics in the bill.

4.0 Specific Issues

4.1 Collection of the levy

It is noted that the explanatory memorandum details the department’s intention that the levy should be collected by Land and Property Services, and this is welcomed. However, this intention is unclear within the wording of the Bill itself. Clarity is required **within the Bill** as to who collects the associated levy.

4.2 Enforcement of the Levy

Similarly, there is a need to clarify who would be responsible for enforcement in the event of non-payment. At present this aspect is completely unclear, and again, it is recommended that LPS is the enforcement body.

4.3 Organisation of BID Ballots

Greater role clarity is required on the organisation of BID ballots.

4.4 Guidance on the Power to Veto

There is no available guidance on the power to veto. NILGA would encourage the Department to work with councils to develop relevant guidance.

5.0 Response to Clauses of the Bill

Clause 1: Arrangements with respect to business improvement districts

NILGA supports the proposed arrangements which allow a BID to be created in a defined area which need not involve the totality of businesses that are contained within a discrete geographic area, but can consist of businesses that are linked thematically, or that are near to one another without being adjacent to each other. This will allow councils more scope

and flexibility in two ways. One, to create BIDs under a specific theme, such as tourism, will allow firm alignment of the BID within a council's wider strategic context and its key corporate priorities. Secondly, it provides more scope to maximise the potential BID revenue stream, which will be a crucial issue for many towns across Northern Ireland, given their size and total rateable value.

Clause 2: Joint arrangements

NILGA supports this clause which allows the Department to make regulations outlining the procedure for when a BID proposal covers an area lying within the boundaries of two or more district councils. This again will maximise the potential BID revenue stream, and will allow for swift and smooth integration of BID schemes after 2015 local government reform.

Clause 3: Additional contributions and action

This clause allows district councils, and any other person identified in the "BID arrangements", to make voluntary financial contributions towards funding a BID project. This will be an essential prerequisite to many BIDs becoming a viable proposition and will introduce a key element of financial flexibility and the ability to tailor budgets to suit individual locations. However, this and other aspects of the legislation will need to be fully legal and equality proofed.

Clause 4: Duty to comply with arrangements

This clause places a duty on a district council to comply with the BID arrangements, once these are in force. This will require detailed discussions and a close working relationship with the local councils for the remainder of the BID legislative process. There is a huge onus and corporate responsibility placed on councils in the legislative details agreed to date and within this consultation process, with limited detail on the practical delivery or potential liability. There is a delicate balancing act to ensure that BIDs are enshrined in a legislative framework that is robust enough to ensure that is viewed by the key stakeholders as a sustainable, legal funding entity and allowing the BID the flexibility to respond to the environment that it is operating in. It is essential that these discussions are transparent and inclusive.

Clause 5: BID proposals

NILGA broadly supports the proposed BID proposals, which are closely aligned to the Scottish legislation. The proposals will ensure that BIDs are developed within a recognised, agreed legislative framework and operate in a professional, uniform manner across the province. This will be essential to gaining the early and continued support of the wider business community. BID proposals must identify ratepayers that are eligible to take part in the ballot. The Department will set out in regulations the persons who can draw up BID proposals; the procedures for consultation, including who can be consulted on the proposals; the procedures which a person taking forward a BID arrangement should follow when drawing up BID proposals; what should be outlined in the BID proposals; when the BID arrangements would commence; the circumstances in which disclosure of relevant information must be made by DFP; the purpose(s) for which this information may be used; and provides for the creation of offences and penalties in relation to the unauthorised disclosure of any data provided by DFP

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.

Clause 6: Entitlement to vote in Ballot

NILGA supports this clause which sets out how entitlement to vote is determined. The clause mirrors that of the Scottish, Welsh and English Bills. It requires the BID proposer to provide a statement to the district council that lists all those who will be eligible to vote in the BID ballot. The choice of who can vote is ultimately determined by the names appearing in the

statement prepared by the BID proposers and the decision of who appears on the list is vested in the BID proposers. A person will be eligible to vote if he is chargeable to rates in respect of a property on the Net Annual Valuation (NAV) list within the BID area.

Clause 7: Approval in ballot

NILGA supports this clause which sets out how approval of the ballot is determined as, similar to Clause 6 above it adopts tried and tested legislation across the other UK jurisdictions and represents international best practice.

NILGA agrees with the proposal to frame the voting system in terms of votes cast as the only equitable and manageable way forward. This is similar to the legislation in Scotland, England and Wales and most other jurisdictions where BIDs exist.

NILGA is in favour of the same ballot approval procedure of a majority (over 50%) in both number of votes cast and rateable value, to protect the interests of both small and large businesses. NILGA believes that the minimum turnout should be set at 25%, to ensure a credible voting face, and notes the issues in the Republic of Ireland where this level has not been set and BIDs are set up without a strong mandate.

Clause 8: Approval in ballot – alternative conditions

To avoid confusion, particularly in the early stages of introducing BIDs across NI and also given the relatively small size of NI towns and cities, NILGA does not feel it is necessary to introduce alternative conditions for approval of a ballot, such as introduction of a higher margin of either net annual values, or numbers of votes cast, or both, before a BID ballot can be taken as approved.

Clause 9: Power of veto

This clause confers the right to veto BID proposals on a district council. It requires the district council to notify the BID proposers whether or not it will use its veto, and to provide reasons for that decision, including where the veto has not been applied. Clause 9 also provides that the circumstances in which the district council may veto a BID proposal may be prescribed by the Department and that the Department may also prescribe the matters which the district council must consider before it may veto a BID proposal. Where the veto is applied, the ballot will not take place. District councils are also required to inform the person drawing up the BID proposals that he has a right of appeal against the veto to the Department. The district council must also notify the BID proposer of the details of that right of appeal. Councils do need to have the power of veto in exceptional circumstances to provide adequate protection for the rate payer, and would value guidance on application of this power.

Clause 10: Appeal against veto

This clause allows any person who was entitled to vote in the BID ballot to appeal to the Department against a district council's decision to veto BID proposals. The Department will be able to make further provision via regulations as to the process behind an appeal. NILGA agrees that there also needs to be a regulatory requirement to appeal against the veto, exercised by the Department to ensure transparency, but, as before, careful and detailed consultation will be required to agree the details of the regulations going forward.

Clause 11: Commencement of BID arrangements

This clause provides for the BID arrangements to come into force on the day detailed in the BID proposals. It also places a duty on the district council to ensure the BID arrangements commence on the relevant day. While NILGA agrees with the need for the BID arrangements to come into force on the day detailed in the BID proposals, which is in keeping with the nature of the commercial agreement that is being entered into, it should be the responsibility of the BID company or team to ensure that this is the case, not the council concerned.

Clause 12: Imposition and amount of BID levy

This clause provides that a BID levy can only be raised while BID arrangements are in force, and provides that the levy is to be calculated in accordance with the arrangements. The BID levy is not limited to being calculated on the basis of rateable value. It could for example be a flat rate levy. This clause also allows a BID levy to be different for different classes of ratepayer, which means relief(s) could be provided from the BID levy. Subsection (5) requires BID proposals to state whether the costs of developing the BID proposals and holding of the ballot are to be recovered through the BID levy.

The rate of levy has been the subject of much debate in other parts of the UK. It is recommended to be between 1 and 2.5% of the rateable value, although, recently, in their publication “Industry Criteria and Guidance Notes for BIDs”, the British Retail Consortium (BRC) and the Interbank Rating Forum (IBRF) as guide for their membership base, which, collectively makes up a significant proportion of the rateable base of most larger towns and cities, have put forward a strong recommendation for levies of up to and including 1%. This, it is argued, may discriminate against smaller locations and prevent them from achieving a worthwhile annual budget. This issue will be particularly relevant in Northern Ireland and is worthy of further discussion and debate, particularly with the BRC. There is also an issue about the uniformity of the levy to be considered. The example of Bathgate in Scotland is noted, where businesses with a rateable value of less than £10k were liable for a one-off payment of £100, and larger businesses operated on the more common %age of rateable value calculation. The ability of the BID to pull in additional funding resources may also be a significant factor in the Northern Ireland context, as the total levy amount achievable may be quite small in the majority of cases. It would be considered important that this flexibility to pull in other funding sources was upheld within the regulatory framework. The issue of “cost neutral” BIDs i.e. the ability of the BID to offer significant cost savings through collective buying power or procurement is another important factor in the established UK BIDs is another issue which must not be overlooked and considered in more detail within the NI context.

Clause 13: Liability and accounting for BID levy

This clause provides that BID proposals must specify who is liable for the BID levy, and that a person’s liability is to be determined in accordance with the BID arrangements. It further specifies that all levy monies be paid directly to the district council which made the BID arrangements in question.

NILGA believes that this Clause is too prescriptive and does not reflect the flexibility and ability to adapt to local needs that is apparent in other clauses. Councils who have put in place a strong partnership structure with strong governance and financial operating framework and operate as a limited company or other suitable legal structure should have the flexibility to transfer this accounting and liability for the BID levy to the local legal entity. This would again facilitate the notion that this is a commercial arrangement of which a council is a key partner and not the enforcer. NILGA does accept that in many cases, particularly in smaller towns, the council will need to assume this role.

Clause 14: BID Revenue Account

This clause requires a district council to open an account which is exclusively used to hold all revenues pertaining to a particular BID arrangement. This clause also gives the Department powers to make further provision relating to the BID account by regulations. The same comments apply as in Clause 13 above.

Clause 15: Administration of BID levy etc.

This clause provides that the Department may make regulations governing the imposition, administration, collection, recovery and application of the BID levy. Again, the need to ensure that there is careful and detailed consultation with councils on the details of the regulations going forward will be required. NILGA would reiterate that a careful balance between a sound legislative framework and the position of Council as a partner rather than simply an enforcer needs to be achieved. Research in to best practice and the experiences of other jurisdictions will be essential here.

Clause 16: Duration of BID arrangements etc.

This clause sets a maximum time limit for BID projects of 5 years. It also provides for BID arrangements to be renewed, but only where a further ballot is approved under the same conditions as outlined in clause 7 or clause 8, if alternative conditions used. This clause also allows the Department to make regulations setting out the procedure for alteration and termination of BID arrangements. NILGA is of the view that a timeframe of 5 years is considered appropriate to ensure that BIDs have an appropriate timeframe to demonstrate tangible benefits. It would be inappropriate to have an open-ended BID if it is not seen to be delivering, which is the case in the Canadian model.

Clause 17: Regulations about ballots

This clause allows the Department to make regulations governing the ballot process.

NILGA would reiterate the need to ensure that there is careful and detailed consultation with councils on the details of the regulations going forward will be required. The comments in Clause 15 also apply in this case.

Clause 18: Power to make further provision

This clause allows the Department to make consequential and transitional provisions where necessary. NILGA accepts the need for this clause in the interest of flexibility and adaptability to local need within a sound legislative framework, but again would request close consultation on practical delivery.

Clause 19: Further provision as to regulations

This clause provides that any regulations made in the Bill are subject to negative resolution procedures in the Assembly, other than regulations under clause 9. Draft affirmative procedure is required for regulations under clause 2(1) (where they contain provision which modifies other legislation), clause 5(2)(f)(iii) (the creation of offences and penalties in connection with any unauthorised disclosure of such information), clause 9(3) (circumstances in which the district council veto may be exercised) and clause 18(1) (where they contain **provision amending any other statutory provision**). **NILGA is satisfied with this requirement subject to the consultation referred to above.**

NILGA has no comment to make in regard to the following clauses:

Clause 20: Crown application

This Clause provides that the Bill applies to the Crown.

Clause 21: Interpretation

This Clause provides definitions of terms used in the Bill.

Clause 22: Short title

This Clause provides that the new legislation shall be known as the Business Improvement Districts Act (Northern Ireland) 2012.



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Appendix 1 Summary of the Bill

The proposed Bill introduces provisions to allow for statutory Business Improvement Districts (BIDs) in Northern Ireland and will provide a general legislative framework for a BID scheme. Many of the provisions in the Bill will provide for the later introduction of statutory rules.

In summary, the Bill will:

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

The Bill has been developed in consultation with DOE, DFP and DOJ in recognition of the overlap with their areas of policy responsibility.

Appendix 2 - Examples

Ballymena Borough Council

Ballymena has proactively supported the BID concept at a local level and introduced the first voluntary BID (V-BID) in Northern Ireland. Ballymena has also acted as the lead Council in an innovative Interreg IVA funded project which was designed to promote effective partnership working and BID development across 5 towns in Northern Ireland, the Republic of Ireland and Scotland. Council has worked with the key stakeholders in the town to create a partnership company, Ballymena Town Centre Development Ltd (BTCD) which will deliver a BID Implementation Plan, a key output of the Interreg programme. Ballymena was the only town which was assessed by the consultancy team to be BID-ready.

The Implementation Plan assumes that legislation will be in place by Autumn 2013, the target date set by DSD at a meeting in April 2012. It is imperative that the legislative and consultation process adheres to this target date, to allow Ballymena to proceed to Ballot in early Spring 2014. Council is working closely with BTCD on this consultation process and additional lobbying activity to advance the BID legislation.

Ballymena's ambition to be the first BID in Northern Ireland is part of a wider strategic priority for the Council and a key strand of the Integrated Economic Development Strategy. This is to secure and grow the Town Centre economy through a Destination Ballymena approach. Destination Ballymena articulates the vital role of the Town Centre as a key economic driver for the Borough and defines its role in relation to the unique villages that make up the Borough. It recognises their co-dependency and collective role in establishing a strong business proposition and promotional platform that will drive footfall and employment opportunities for the Borough. The Ballymena BID will be an integral part of this ambitious process. It will be a crucial source of additional funding, but, even more importantly, it will be a vehicle to develop the key public/private stakeholder relationships that will be crucial to its success.

NIRC

Introduction

The Northern Ireland Retail Consortium (NIRC) is the trade association of the Northern Ireland multiple retail sector and is their authoritative voice to policy makers and to the media. We bring together a range of retailers across Northern Ireland, selling a wide selection of products through high street, out of town, neighbourhood, rural and online stores.

Key Facts about Retail

- Around 74,500 people work in the retail sector in Northern Ireland – approximately 10% of all employment.
- There are almost 10,000 retail outlets in Northern Ireland.
- More than a third of consumer spending goes through shops.

Key Facts about Business Improvement Districts (BIDs)

- **BIDs legislation** was first passed in England in 2004, in Wales in 2005, and Scotland and Ireland in 2007. Legislation has yet to be enacted in Northern Ireland.
- There are around **140 BIDs** across Ireland, Scotland, Wales and England, around **half in town centres**.
- Most (55 out of 66) town centre BIDs attracted **additional income**, over and above the BID levy, totalling £7.4m in 2010/11.
- Town centre BIDs have helped to attract £39m in investment in 2010/11 across 35 BIDs.
- Most (79%) town centre BIDs have introduced **innovation projects**, with marketing and events (59%) and crime prevention (56%) remaining the most common. These measures help attract more customers and address personal safety fears.
- In total, 105 **service projects** were implemented with waste management (41%), followed by energy costs (33%) and marketing (30%) leading the way.

Background

BIDs are a proven concept. They were first established in Canada and the US in the 1960s and now exist across the globe, including in South Africa, Germany, Japan, New Zealand and Australia. The BID model works on the principal that the majority of businesses choose to establish a BID in their area. Each business then contributes to the common good of the district in question.

In the UK and Ireland, the rates system is regarded as the fairest mechanism for establishing appropriate contributions for each business. The level of contribution is decided by the business community at the BID's AGM each year.

Most BIDs exist in town centres, however there are increasing numbers in industrial areas, as well as commercial and mixed-use locations. The **average size** of a BID is **300-400 hereditaments**, with some of the smallest having fewer than 50 hereditaments and the largest at 2,500. **Annual income** is typically £200,000-£600,000 but can be less than £50,000 per annum or over £2 million.

The British Retail Consortium's 21st Century High Streets Report provides constructive guidance on the new vision for town centres based on **priority policy areas** requiring action in town centres. In the report the BRC indicates that BIDs must take the lead in promoting

and implementing key aspects of the strategy, in particular the raising of additional finance to **address local problems**, supported by a **robust business plan**.

BIDs are **not a one-size-fits-all** solution to the varied problems facing our town centres. Successful BIDs **address the specific needs** of the areas in which they operate. They deliver tailored solutions to local problems.

The **delay** in legislating to enable the introduction of BIDs has **withheld a vital tool** that should have been available to local businesses and councils to mitigate the effects of the economic downturn. Any continuing delay in introducing BIDs legislation risks further damage to Northern Ireland’s already fragile town centres. We urge the Minister to expedite the secondary legislation and regulations needed to bring BIDs to a reality in Northern Ireland

Case Studies

Hull BID - Working for Business

For just one per cent on rateable value from city centre businesses, Hull BID has helped to attract additional investment to deliver huge improvements to the local trading environment. Funding has been secured from a wide range of partners including Goodwin Development Trust, Hull City Council, Hull Forward, Visit Hull and East Yorkshire (VHEY) and the Hull Bondholders. Individual businesses have also contributed to spectacular effect, from the main shopping centres with their support for large events to smaller concerns working together and sharing the benefits.

Hull BID in numbers:

- **£2,000,000** - Income generated from the levy over five years and spent according to business priorities.
- **£1,000,000** - Over a million pounds worth of funding and support.
- **£300,000** - Minimum value of additional security measures from PCSOs and BID Support Officers on the beat to a radio system exclusively for businesses.
- **£180,000** - Committed by sponsors to support the Yum! Festival of Food and Drink and its predecessor the Global Food Festival.
- **£115,000** - Value of additional funding to support the Hull Comedy Festival, now established on the national circuit.
- **£100,000** - Christmas “presents” from private businesses and public bodies to help co-fund a campaign of festive activities.
- **£55,000** - Investment secured to help build Hull’s evening economy with such events as Dine Week and Half Past The Weekend.

In addition to its high-profile activities in crime-fighting, street-cleaning and event organisation, Hull BID is even busier behind the scenes, working hard to support city centre businesses:

<p>Security forum: Hull BID organises monthly meetings where local business can share and receive crime intelligence and liaise directly with the Riverside Neighbourhood Policing team and Civic 1 CCTV.</p>	<p>Eat Drink Enjoy: The BID funded and manages the www.eatdrinkenjoy.co.uk website which is an online gateway to Hull city centre’s dining, entertainment and leisure sectors for people planning an outing in the city.</p>
<p>Rapid response hotline: They introduced a dedicated hotline number to help city centre businesses get immediate action on safety, cleaning and graffiti issues.</p>	<p>Public transport: Hull BID has funded additional bus services to support traders by helping people get into the city centre for special events.</p>

<p>Graduation: They support the University of Hull graduation ceremonies by providing music and other activities in Queen Victoria Square.</p>	<p>Buskers: They monitor busking to ensure it provides a pleasant city centre atmosphere for business, shoppers and visitors rather than a public nuisance.</p>
<p>Street maps: Hull BID has produced maps – updated every year – that help local residents and visitors to the city find their way around the main attractions and the hidden gems.</p>	<p>Christmas lights: Hull BID has implemented Christmas lighting schemes in parts of the city centre that were previously unlit.</p>

Dublin City Business Improvement District

Dublin City Business Improvement District (BID) ensures that Dublin city centre remains Ireland's premier location for shopping and recreation. The BID continues to build on the city's loyal customer base through a programme of activities aimed at enhancing the customer experience and by making the city a more accessible, safe, welcoming and well-presented environment for all.

Since its inauguration, the Dublin BID has:

- Established an ambassador team which provides 26,000 business recommendations to 200,000 visitors annually, driving business directly to members.
- Developed integrated city marketing programmes bringing city businesses, Fáilte Ireland, Dublin City Council and the transport companies together to target the domestic and international market. Businesses in the city are showcased through Dine in Dublin, Dublin Fashion Festival, Dublin at Christmas and New Year, and Unique to Dublin while Christmas lights are provided to 30 streets each year.
- Successfully lobbied against inappropriately placed social services such as a 15,000 sq ft prisoner rehabilitation centre and homeless services planned for the city's commercial district.
- Worked on behalf of businesses with the Gardaí to curb anti-social behaviour and organised begging, and secured legislation to outlaw aggressive begging and the closure of head shops.
- Developed an immediate response cleaning service for members and created a graffiti-free environment in the city centre while ensuring that Dublin City Council delivered on its commitment to city traders through a baseline cleaning agreement.

Broad Street - Business Improvement District

Before the BID's establishment in 2005, Broad Street's reputation had suffered due to a general rise in crime and antisocial behaviour, and environmental deterioration. The BID has changed this city centre area dramatically. The initiatives have delivered real improvements to Broad Street, Brindleyplace and the surrounding area over the last four years, following the BID's 'Brighter, Safer, Cleaner' mantra.

Birmingham Broad Street BID's achievements to date include:

<p>Street Wardens: An evening street warden service of four wardens greets visitors, liaises with police, security and concierge staff on crime prevention, and monitors environmental and maintenance issues. The city centre management team delivers a day time warden service.</p>	<p>Marketing Programme: The BID has developed an events/campaigns programme, an interactive website and public information points. It has promoted the area's diverse offer to visitors, workers and residents and expanded the variety of activities and attractions, throughout the day and night and across the year.</p>
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<p>Area Lighting Strategy: Year round event and festive decorative lighting brightens the area. The BID, working with the City Council, is transforming the appearance of the street using lighting and signage.</p>	<p>Floral Dressing: Enhancement of the day time environment with additional seasonal hanging baskets and planters.</p>
<p>Safer Business Area/Radio Link: All licensed premises, hotels, shops and car parks are provided with a free or subsidised package via Birmingham's Business Crime Operation including real time radio service, intelligence bulletins, staff training and briefings.</p>	<p>Public Relations: Develop Broad Street's brand and image to assist in the positioning and promotion of the area and its diverse characteristics.</p>

For more information on Business Improvement Districts, or any other issue affecting the retail sector, please contact

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Industry Criteria and Guidance Notes for BIDs

Updated 2012

Produced by:



BRITISH RETAIL CONSORTIUM
for successful and responsible retailing



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1. Introduction

The growth of BIDs has been dramatic with over 130 now operating. The maximum term for any BID is 5 years. Most have been successfully renewed with an increased majority.

The BRC, IBRF and the FSB support the concept of BIDs, particularly in circumstances where they address issues of real local concern and where the benefits outweigh the costs. As a business-led solution, BIDs are the preferred mechanism for raising additional revenue to fund responses to local problems. When BIDs are developed, implemented and operated effectively, they can be a useful way for businesses to work together with other community partners to improve trading locations.

These guidance notes aim to assist developing and renewing BIDs as they set out their business case and provide some indications as to the minimum expectations of most levy payers.

Circumstances specific to each location may be taken into consideration.

2. Criteria – the ‘essentials’ for any BID Proposal

Each business case will be viewed on its merits, and individual stakeholders will be free to vote in accordance with their own views. However, those elements of a Business Plan which would normally be deemed to be essential are:

Business Case –

the requirements for a BID, and for the specific services to be offered, must be clearly demonstrated by reference to full consultation and research which should include businesses at local and Head Office level, both of whom should be fully notified at all stages. Sample sizes used (if any) together with response rates must be detailed. Local representatives will be able to contribute through their detailed knowledge of the locality. Head Offices should play a distinctive role in contributing specifically to the scale and nature of any BID proposal e.g. the levy amount, any proposed discounts, broad objectives etc. A period for responses to the draft BID proposal from local and Head Offices should be allowed.

Budget -

a detailed budget for each year of the proposed BID should be presented, including all management costs which should be included as a separate budget heading.

Additionality -

the services to be provided must be (a) exclusively additional to those already being provided by the Local Authority and other relevant service providers, and (b) relevant to the business community. Evidence must include any baseline agreements which the BID has entered into, and these should make it clear that the proposed BID will not duplicate or replace existing services.

Levy Calculation –

the levy should be calculated as a percentage of the rateable value, except in the case of industrial BIDs where banded arrangements will be considered.

BID Proposal –

evidence should be provided that the Local Authority has approved a detailed BID Proposal in accordance with the requirements of the legislation.

Public Sector –

in addition to the support of the Local Authority being evidenced by approval of the BID Proposal, any additional financial support should be clearly identified.

Costs –

assuming that the levy is calculated as a percentage of rateable value (RV), levies of up to and including 1% of RV will be considered favourably. However, it is appreciated that some BIDs will require a greater degree of flexibility and could not operate with a levy of up to 1%, given the income that would be derived from the cumulative rateable values available. A levy of more than 1% would need to be fully justified as an exceptional case and the reasons for such exception given, such as local circumstances or variations in rateable values between areas. It is generally unlikely, even in smaller locations, that a levy of more than 2% would prove acceptable.

Revaluation –

the Business Plan must detail how a revaluation of business rates and/or a revaluation of a specific hereditament would be treated for BID levy purposes.

Performance Measurement –

the BID levy should be viewed as an investment by businesses, in return for which tangible benefits over the period are expected. Systems of reporting should be detailed. An independent assessment of the performance and impact of the BID should be conducted at least once during each term, with results made available to all levy payers.

Discounts –

occupiers of managed shopping/leisure/office centres where additional service charges covering management, security and marketing apply should be subject to a reasonable reduction in the levy which would compensate for such existing costs.

Additional Income –

each business case should include details of additional income commitments. It is appreciated that property owners' participation in BIDs is not a legislative requirement. However, wherever possible, property owners should be engaged in the process and encouraged to support. In addition to any voluntary contributions, the positive support of property owners is preferred.

Management –

the BID should be business-led and managed, it should be a not-for-profit company, it should be independent of the Local Authority, and be managed through a Board (or similar) which has a majority of business stakeholder representation and which is chaired by a representative from the private sector.

Ballot –

BIDs should confirm whether the vote will be taken at local or Head Office level and make arrangements with the ballot holder accordingly. Unless advised otherwise, it is expected that ballot papers would be sent to the Head Office location and to the correct named contact.

Notifications –

businesses should have been fully engaged in the development of the BID Business Plan at local and Head Office level. The final Business Plan should be publically available and widely distributed no later than Notice of Ballot being issued. Head Offices should always be notified, with receipt of notification preferably obtained. The Secretary of State must be properly notified of any intended BID ballot.

Retail Crime Partnership –

the delivery of an effective Retail Crime Partnership should be a central component of any town or city centre BID.



3. 'Desirables' for any BID proposals

In addition to the 'essentials' of any BID proposal there are preferred aspects which include:

Additional Funding –

the BID levy should be supplemented by additional funding. It is appreciated that this may be limited in any start-up BID, but evidence of growth in additional funding over the lifetime of a BID, and certainly onwards beyond any renewal, is expected.

Refunds –

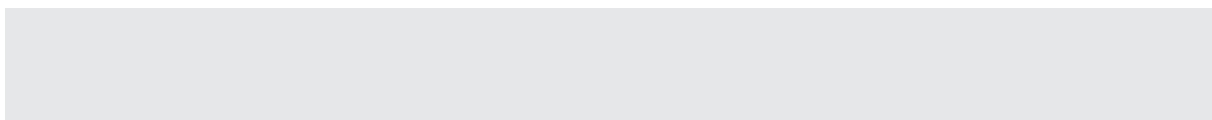
payment of the BID levy should be calculated on a daily charging basis and so mirroring the NNDR system. This would mean that a refund is made if a property is disposed of and liability transfers. This is considered less important with some smaller and/or industrial BIDs where refunds may increase collection and administration costs.

Management Costs –

other than in exceptional circumstances, centralised operational costs (i.e. the costs of administration, office, centralised staff, levy collection etc) should not exceed 20% of total expenditure. If costs exceed the 20% limit, a full explanation should be provided. A 'centralised cost' is defined as something which cannot be wholly attributed to one aspect of the BID's delivery. Management costs should be transparent in the budget for any BID.

Empty Property Relief –

if a hereditament should become untenanted, the freeholder should become responsible for payment of the levy until a new tenant is found.



Contingencies –

the BID should be able to achieve its objectives with a budget for a collection rate of less than 100% of the chargeable levy. The budgeted collection rate should be explicitly stated. Budgeting based upon a collection rate of 95% is advised. It should also have a contingency of no less than 5% on all items of expenditure.

Exclusions -

a threshold should be put in place to ensure that small hereditaments are excluded if the cost of collection would make their inclusion uneconomic.

Politics –

the BID should be non-political.

Collection Costs –

the costs of collecting the levy should be kept to an absolute minimum, or ideally should be at no cost to the BID. Any such costs must be explicitly detailed. If charges are necessary, they should not exceed £35 per hereditament, or 3% of levy income, whichever is the lower

Registration –

details of proposed ballots should be provided both to the Secretary of State and to British BIDs, who maintain a register for the BRC, IBRF and FSB.

4. Guidance for the BID Proposal

Each BID Business Plan and Proposal should be explicit and transparent about the following aspects:

(a) About the BID

Number and Type of Hereditaments –

the number of levy paying businesses and a description of the BID area (including a map) is required in every Business Plan. A realistic and manageable BID in any town or city centre is likely to include between 300 and 700 businesses, although this will depend on each location. BIDs of larger than this may be considered but clear reasoning must be provided.

BID Aims and Objectives –

the overall aims and objectives for the BID, and the resultant impact on businesses.

Term -

the term of years for the proposed BID, with a clear start and end date.

Business Case -

the need for the BID should be clearly demonstrated through robust research and consultation at both Head Office and local level (see also 'Criteria – Essentials', above). The sample sizes and responses from each element should be detailed.

Support –

the extent of confirmed public and/or private sector support should be detailed.

Themes –

the main objectives of the BID (short and long term) and details of the projects that will achieve these objectives.

(b) Cost of the BID

Levy Rate -

the method of calculation for the levy, and the valuation date and rating list being used (if applicable).

Inflation -

the rate of inflation (if any) applied to the levy in each year of the BID.

Income -

sources of income in addition to the levy should be detailed, together with clarification of whether each is committed and guaranteed.

Discounts -

whether any occupiers would receive a discount on the levy, particularly occupants of shopping/leisure/office centres where services already provided through service charge arrangements may apply. Discounts for charitable organisations should be referred to.

Operating Agreement -

confirmation that an Operating Agreement with the Local Authority will have been entered into prior to the start of the BID. Access to this should be provided, if required.

Untenanted Properties -

what levy should apply on untenanted properties and from whom it is collected.

Management Costs -

the centralised operational costs of running the BID should be shown separately within the budget.

Contingencies -

details of margins for bad debts and for over expenditure on projects. The total amount of levy to be billed should be detailed if it differs from the budgeted amount to be collected, to reveal a target collection rate.

Refunds Policy -

the circumstances in which a refund on the BID levy would apply (if any).

Baseline Agreements -

confirmation that agreements have been entered into with current service providers to ensure that BID services are additional to existing provisions and that such additional provisions will be preserved. Access to these should be provided during and after the ballot, if required.

Budget -

the budget for the full term of the BID setting out each anticipated strand of income and expenditure, the contribution in each year, a cashflow forecast and the resultant surplus at the end of the term. This should include the anticipated costs of any renewal ballot and/or the termination costs of the BID.

Collection Charges -

any costs associated with the collection of the levy.

Threshold and caps -

any minimum threshold (if any) beneath which a levy would not apply and/or any maximum limit above which no additional levy is charged must be detailed



(c) Management of the BID

Company Structure –

the BID should be operated through a not for profit company which has the capability of being partially/wholly exempt from Corporation Tax.

Governance Arrangements –

the arrangements pertaining to formal membership of the BID, election to the Board (or other), election of the Chair, and Annual reporting mechanisms.

Ballot Dates –

the exact dates of the ballot period and the date and time of the close of ballot.

Performance Management –

the methods to be used to assess the effectiveness of the BID and the return on investment for levy payers. All projects should have clear, timed and measurable targets.

Variation Policy –

any formal variation policy should be detailed, together with any requirements for an alteration ballot (if applicable) which, as a minimum, should be any alteration to the BID area and/or to the levy rate.

(d) Renewing BIDs

BID Proposal -

evidence should be provided that the Local Authority has approved a detailed BID Renewal Proposal in accordance with the requirements of the legislation relating specifically to renewal ballots.

Historic Performance -

clear reference to the previous Business Plan should be provided, together with evidence of delivery against the planned services and the extent of the benefits to the BID area and to those businesses within it.

Future Performance -

the Business Plan must inform as to how the scale of delivery will change in any renewed term.

Changes -

a clear outline of any differences between existing and proposed services and/or the previous BID area should be given, together with reasons as to why such changes have been made.

Impact -

the impact that the BID has made is an important additional consideration at the renewal stage and should be included in any Renewal Business Plan. Impact measures to show return on investment should be used to demonstrate this.

Levy -

irrespective of any inflation that may have been applied in the previous term, it is expected that the rate of levy would be adjusted to the minimum required, taking into account ongoing additional income commitments.

Additional Funding -

there will be greater expectation of additional funding streams being provided from renewed BIDs.

Further Information

Details of the contributing organisations follow. Each organisation may continue to update its own criteria for BIDs which may be published periodically on their own websites.

British BIDs

www.britishbids.info

British BIDs is the dedicated voice of the BID industry, focused upon thought leadership, research and market commentary.

It has led the way in the development, management, renewal and evolution of BIDs in Britain.

The organisation has managed successful partnerships with Jones Lang Lasalle (commercial), the University of Ulster (research), the Royal Institute of Chartered Surveyors (research), Alliance Boots (commercial) and The Green Brain (communications).

As BIDs continue to evolve and opportunities for innovation increase, British BIDs is at the forefront of the industry's development.

British Retail Consortium (BRC)

www.brc.org.uk

The British Retail Consortium is the lead trade association for the UK retail sector and the authoritative voice of the industry to policy makers and the media. It represents retailing in all its forms in every UK nation. Its members sell a wide selection of products through centre of town, out of town, rural and virtual stores.

The BRC aims to ensure that the UK's political and regulatory framework is such that retailers can maintain their outstanding record on job creation, consumer choice and product innovation.

Inter Bank Rating Forum (IBRF)

www.ibrf.org.uk/bids

The IBRF is a ratepayers' forum comprising representation from most of the financial community in the UK and includes all the major Banks and Building Societies, plus The Royal Mail. The IBRF Members' property interests are located in virtually every town and city in England, Wales, Scotland and Ireland.

The Federation of Small Businesses (FSB)

www.fsb.org.uk

The Federation of Small Businesses is the UK's largest campaigning pressure group promoting and protecting the interests of the self-employed and owners of small firms. Formed in 1974, it now has 210,000 members across 33 regions and 194 branches.



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Northern Ireland

21 September 2012

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By email: committee.socialdevelopment@niassembly.gov.uk

Dear Kevin,

Re: Written evidence – Business Improvement Districts Bill

The Royal Institution of Chartered Surveyors (RICS) Northern Ireland is the principal body representing professionals employed in the land, property and construction sectors and represents some 3,000 members. Our members practice in land, property and construction markets and are employed in private practice, in central, regional and local government, in public agencies, in academic institutions, in business organisations and in non-governmental organisations.

RICS Northern Ireland is therefore in a unique position to provide a balanced, apolitical perspective on issues of importance to the land, property and construction sectors.

RICS welcomes the opportunity to contribute to the Northern Ireland Assembly Social Development Committee Inquiry into the Business Improvements Districts Bill.

RICS Research

In order to help facilitate the Committee's inquiry into the Business Improvements Districts Bill I have enclosed two recent RICS research documents on the issue.

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The Nationwide Business Improvements Districts (BID) Survey 2011 is a research report and commentary on the BID development in Great Britain. The research, which is in its fifth year, is the result of collaboration between Alliance Boots, British BIDs, University of Ulster. The paper explores the progress and evolution of BIDs in the UK.

The survey is drawn from responses to questionnaires sent to the 112 formal BIDs within the UK and Ireland with a response rate of 73%. The BIDs have been categorised into two groups, **City Town Centre BIDs** (comprising city and town centres, leisure, commercial, mixed use and city-wide BIDs) and **Industrial BIDs**.

Full details of the 2011 BIDS Survey can be found in the document attached.

BIDs, Economic Recession and the Future of Stakeholder-led Public Realm Management is a research report published by the RICS in December 2011. This report is based on surveys, case studies and semi structured interviews in order to ascertain how the economic downturn and cuts in public spending might have impacted on BID income levels and the associated services that a BID provides.

I hope that the findings of the research may assist the Committee with regard to the effectiveness of BIDs and the operation of such districts in a challenging economic environment.

A summary of the key points are outlined below:

BIDs, Economic Recession and the Future of Stakeholder-led Public Realm Management – Key Findings (extract)

- The success of BIDs so far comes from their ability to demonstrate to levy payers that they create value for them and can deliver real improvements to their area. This holds true now as it did before. However, the harshening economic climate has intensified the need for BIDs to be accountable to levy payers and to work to an agenda of interventions with the widest possible support among them.



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- As expected, recession and spending cuts have affected negatively BID incomes, but so far only marginally. Levy income, the largest source of income for most BIDs, has remained relatively stable, as has local authority in-kind support. However, there has been a general reduction in the availability of public sector grants, private sponsorship and other forms of additional income. The impact of this has been varied, and more serious on BIDs with pre-recession business plans, which relied on those sources of income to deliver on key agenda items.
- Programmes and activities run by BIDs are still overwhelmingly dominated by 'safe and secure' and 'marketing and events' issues. Recession and spending cuts have had so far only a limited impact on them, with funding shortfalls being compensated by reallocation of resources. However, the disappearance of grants and other additional income has caused some BIDs to postpone or interrupt important projects. Grants have also been vital for any significant capital expenditure, and this is now out of reach for many smaller BIDs. Moreover, the full effect of cuts in local authority services is still to be felt, and many BIDs are now grappling with the question of whether they could or should step in.
- BIDs have had to readjust their expectations of income and delivery potential to a much leaner economic and funding environment. Some BIDs have narrowed their focus towards a few core activities; others are re-thinking their roles and embracing new ones as service delivery organisations, community enterprises, business support entities, pressure groups, and so forth. This suggests the emergence of different 'models' of BIDs for different contexts, which are likely to become more evident as BIDs consolidate their roles in the management of their areas
- The implications for the public realm of the evolution and consolidation of BIDs will be varied. Some BIDs are likely to play an increasing role in the delivery of public realm services and the shaping of public realm quality. In those places, the existence of adequate mechanisms to harmonise the interests of levy payers with other local stakeholders will be of great importance. Others will only have an occasional impact on the public realm, with a

more pronounced role of the local authority in mediating that impact. Others will still have a minimal role in public realm management, acting more as monitors for levels of quality delivered through local authority programmes.

- Understanding in more detail how different BIDs operate, is becoming an important part of critically thinking about urban governance. This requires a clear understanding of the aspirations BIDs represent, of how those aspirations relate to other interests affecting town/city centres and industrial areas and to broader policy objectives for those areas, and how these are shaped by fluctuations in the economy.

I hope that the research is of use to you and the Committee during your inquiry into BIDs legislation for Northern Ireland. If you require any further information please contact me.

Yours sincerely

Nuala O'NEILL

Nuala O'Neill
Policy Manager (Northern Ireland)



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BID
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SURVEY 2011



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Executive Summary

The Nationwide BID Survey 2011, now into its fifth year, represents the only major annual body of research and commentary on the rapidly growing Business Improvement District (BID) industry in the UK. Interest and support for this survey is building with this year's response rate reaching 73%, which is a significant sample size.

Since the concept started in 2005, the growth of BIDs has been rapid reaching 112 at the time of this year's survey (April 2011). The essence of BIDs is about innovative interpretation of local needs delivered through partnerships at many different levels.

This year's report charts the progress of BIDs and their continued advancement and evolution towards highly focused delivery bodies with wide-ranging agenda. Their modus operandi requires highly-tuned and effective governance structures that ensure a good breadth of engagement at local level.

"Supporting our communities is an important aspect of our corporate social responsibility and Business Improvement Districts can be an efficient and effective way of regenerating our high streets and supporting the vitality and welfare of the communities in which we operate. Provided that BIDs meet the agreed industry criteria for best practice, then we are happy to support them."

John Fletcher, Inter Bank Rating Forum

"The BRC strongly supports the role which effective local partnerships can play in ensuring that local trading environments are fit-for-purpose. With the new emphasis on developing locally tested solutions to local problems, Business Improvement Districts provide a tried and tested mechanism to ensure that local revenues are spent on projects which really matter to local businesses. These make a material difference to cities, towns and local communities across the UK. This survey provides real insight into the development of the BID community for retailers and other partners."

Tom Ironside, British Retail Consortium

"Since their inception in 2005, BIDs have made a marked difference to many city and town centres, commercial areas and industrial estates through cleaner, friendlier streets, improved security and a sense of community. In BID areas members of the FSB have benefitted from these improvements, even if they do not pay a levy. This excellent publication should be essential reading by all business organisations, representatives of local authorities and town centre managers to see what can be achieved when dedicated groups get together with united aims."

Roger Culcheth, Federation of Small Businesses

"The BID movement is a great example of localism in action, now a central part of government policy. As BIDs develop into their second and even third terms their relevance as agents of change and improvement at the very local level continues to grow, action which is particularly needed given the poor state of many of the UK's high streets. This report brings together a wealth of information about the scale and type of BIDs across the UK and their priorities. It is an invaluable guide for any organisation with an interest in BIDs."

Richard Dickinson, New West End Company

In headline terms, the BID industry is now significant – an estimated 60,000 businesses investing through BID levies across the UK raising a combined total levy income of around £61m. Beyond that base level, additional income is leveraged into the BIDs totalling around £69m plus an additional £38m representing investment leverage in BID areas. So, in the region of £168m investment in our urban areas is being raised via the BID model across the UK.

At a time when policymakers are focusing their minds on local solutions to local problems through the localism agenda, BIDs provide real and tangible evidence of impact on the ground.

The challenge for BIDs over the coming years will be to continue to deliver effective solutions for the benefit of the private sector whilst providing commensurate efficiency savings to their members. Meanwhile, managing the pressures of the public sector financial squeeze could prove a difficult balancing act – identifying opportunities to innovate and commercialise previously public sector activities whilst being cautious not to take on cost pressures thereby failing to ultimately achieve additionality.

"As a business we are involved on a daily basis with Investors and Occupiers of Retail Property thus understanding the market drivers of what makes a successful and vibrant town centre. We believe that BIDs can effectively put a structure in place to deliver commercial solutions and a sustainable strategy for town centre management. We hope that our commercial experience can help to advise on ways to overcome some of the challenges that today's market presents in achieving these goals."

Guy Grainger, Jones Lang LaSalle

"BIDs are coming of age in the UK providing excellence in the stewardship and promotion of our business areas, and delivering value for the owners and occupiers that vote them in. As many BIDs approach a second ballot expectations are high and we would not be surprised to see more BIDs reaching out beyond 'crime and grime' to start taking on more strategic tasks. In that regard, the Government's Localism Bill will provide greater scope for BIDs to work with local authorities and residents to proactively plan their districts via neighbourhood planning. Quite right too as BIDs are the epitome of localism and show that local businesses and landlords want to get involved."

Ian Fletcher, British Property Federation

"BIDs will be the one key delivery agent of Government's localism agenda, and have proven that they can and do provide the right infrastructure to deliver programmes aimed at improving the vibrancy of towns and cities. They will therefore become an increasingly important player in shaping neighbourhoods, through for example neighbourhood planning and delivering a vision for the kind of place their town or city wants to be. BIDs ability to bring together the public, private and voluntary sectors and leverage funding beyond the mandatory business rate income makes them very relevant and critical forums in the delivery of economic, social and environmental progress."

Edward Cooke, British Council of Shopping Centres

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1.0 Introduction

BIDs have become firmly established in the urban landscape of Britain as the preferred model for cost effective and innovative local service delivery and area improvement. The legislation relating to BIDs was first passed in England in 2004, followed by Wales in 2005 and Scotland and Ireland in 2007. The Northern Ireland Assembly has commenced the process of bringing forward the enabling legislation for BIDs to be established in the province, but some uncertainty still remains about the format of the potential BIDs model to be applied in Northern Ireland. However, with government increasingly making localism and community empowerment a core pillar of policy, the benefits of local business involvement will be determined by partnership and leadership capacity providing strategic thinking and creating the environment for economic growth. Evidence shows that BID communities are striving to adjust and adapt to the localism agenda in delivering on service provision, public realm investment, crime reduction, marketing city/town centres, and regenerating the high street. Inevitably this will involve business-led partnerships in tackling the pressing issues of promoting local economic recovery, facilitating community impact, generating sustainable funding streams and developing a clearly defined vision for city/town centres.

The report by the British Retail Consortium (BRC, 2009)¹ provides constructive guidance on the new vision for town centres based on priority policy areas requiring action in town centres which include the provision of a unique sense of place based on an attractive public realm; accessibility to meet the needs of customers and retailers, safety and security in deterring retail crime and anti-social behaviour; and the reduction of regulatory costs and financial burdens on property and business. It is indicated that BIDs must take the lead in promoting and implementing key aspects of the strategy, in particular the raising of additional finance to address local problems supported by a robust business plan. In this regard the challenge is in coping with the gradual decline of the high street, increased vacancy, and downward pressure on property values².

BIDs as a business-led initiative will only proceed where they address issues of real local concern and where benefits outweigh costs (BRC, 2009). Consequently BIDs must strive to deliver innovation by commercialising supplies and service provision, producing cost savings and measures, and addressing recessionary pressures through project implementation within their BID area. In a recent report produced by Business in the Community (May 2011), it is recognised that businesses working with local partnerships can produce complementary benefits to respond to the economic challenges threatening the vitality and viability of our city/town centres³. In this regard an effective "town centre first" policy is expected to achieve distinctive and attractive town centres, create quality places and provide strong and sustainable local economies⁴. Conversely, out-of-town lobby groups argue that "town centre first" planning policies directly cause a significant reduction in terms of retailing productivity particularly in the case of the large supermarket sector⁵. Either way there will be a need for BID management teams to ensure that they have the necessary skills and resources to contribute to the implementation of town centre retail planning policies.

The need for business engagement and investment is also paramount in regeneration locations⁶. Cumulative policy actions that join together into a wider strategic regeneration vision are needed in order to build local confidence and commitment. Collaboration between local stakeholders and businesses is vital to harmonise funding streams and attract new investment. Within BID-led regeneration areas there is a need to research the competitive capacity of BIDs as a funding mechanism compared to other local asset based financing vehicles, targeting new and innovative financing models, leveraging of new funding streams, financing of infrastructure and regeneration, and assessing the risk-return profile on investment in BID-led regeneration areas. The advantage of using BIDs in parallel with other initiatives such as Tax Incremental Financing/Accelerated Development Zones/Enterprise Zones would be complementary in using anticipated future increases in tax revenues to finance infrastructure and regeneration and to enable local authorities to trade anticipated future tax income for a present benefit⁷.



Local Government finance is a key aspect of delivering the Localism Bill with reform of the current system needed to help promote economic growth and change local authority behaviour. The recent Local Government Resource Review⁸ (July 2011) suggests that the local retention of business rates uplift will help to incentivise local authorities to take action to promote growth. It also indicates that local authorities would be able to choose to borrow against this future growth in business rates through Tax Increment Financing (TIFs) schemes to help fund the provision of infrastructure and wider area regeneration. In short the retention of business rates proposed as part of the localism agenda will help restore the link between local authorities and their business communities, thereby enabling local areas to see the financial benefits of allowing commercial development. Furthermore, BIDs will potentially benefit from the increase in businesses and economic growth in the local area especially where new businesses fall within the BID boundary or can be captured at renewal.

Under the Localism Bill recent amendments have opened up the neighbourhood planning process to business by proposing that neighbourhood forums can be established expressly for the purpose of "promoting the carrying on of trades, professions or other businesses in such an area". As major players in local communities, it is vital that businesses have a role in neighbourhood planning on a par to that of local resident groups. Furthermore many of the new devolved powers in the Localism Bill will be linked to new government funding streams such as the retention of local business rate uplift⁹. The Localism Bill amendments potentially open up the opportunity for BIDs to help lead local thinking and facilitate taking neighbourhood plans forward through local referendum.

This report discusses the operational workings and outturn performance of BIDs by presenting the findings from the fifth Annual Nationwide Survey of Business Improvement Districts (BIDs) in Britain. The 2010/11 BID Survey collates information and key facts to support the BID industry across the respective jurisdictions. By enabling an understanding of BID practices and comparison of BID statistics, this research supports BID development and best practice, whilst also demonstrating how the initiative is evolving and delivering. Specifically this report draws upon evidence relating to BID levy collection, funding initiatives, financial leverage, project delivery and innovation, localism and BID performance. This body of knowledge will be of benefit to BID management teams, to those interested in developing or renewing a BID and to policy makers and other stakeholders involved in project finance and delivery. The analysis contained within this report relates primarily to BID practices and outcomes for the financial year 2010-2011 and where applicable comparisons and contrasts are drawn with the 2009-2010 position¹⁰.

1 British Retail Consortium (2009) 21st Century High Streets: A new vision for our town centres, British Retail Consortium, London.

2 Local Data Company, (2011) Terminal Illness or Gradual Decline, A Review of GB Shop Vacancy 2010, LDC, London

3 Business in the Community (2011), Future High Streets, Businesses Going Local, London, May.

4 Department of Communities and Local Government (2009 Proposed Changes to Planning Policy Statement 6, Planning for Town Centres)

5 Economic and Social Research Council (2011) Evaluating the Effects of Planning Policies on the Retail Sector: Or Do Town Centre first policies Deliver the Goods?, ESRC, January

6 Adair et al (2009) Urban Regeneration: Opportunities for Property Investment, Investment Property Forum, London, August

7 Research into tax incremental financing models is currently being undertaken by the Universities of Aberdeen and Ulster

8 CLG (2011) Local Government Resource Review: Proposals for Business Rates Retention: Technical paper 5 - Tariff, top up and levy options

9 British BIDs Leadership Network, No.1 Localism: What does it mean for BIDs, British BIDs, August 2011

10 Nationwide BIDs Survey 2010, British BIDs and University of Ulster



2.0 Methodology

The Nationwide BID Survey 2011 was conducted in April/May 2011 and the online questionnaire was sent to all 112 formal BIDs within the UK and Ireland. Following the drafting of the BID questionnaire, a consultation session with five BIDs was held to run through the scale and extent of the questionnaire and to ensure the appropriate lines of enquiry for this year were being covered. The second revised questionnaire was then subjected to a pilot exercise whereby two BIDs were asked to test the online survey and feedback any technical and comprehension issues. These comments were then integrated into the final online version of the survey.

For the purposes of the survey the BIDs were categorized into two groups, group one – City/Town Centre BIDs comprising 86 (76.7%) city and town centres, leisure, commercial, mixed-use and city wide BIDs, and group two Industrial BIDs consisting 26 (23.3%). Survey responses were received from 66 (76.7%) of the City/Town Centre BIDs and 16 (61.5%) responses from Industrial BIDs. The overall response rate to the Nationwide BID Survey 2011 is 73.2% (Table 2.1). Details of the BIDs which have responded to the Nationwide BIDs Survey 2011 are shown in Appendix 1. In the case of non respondent BIDs it is significant that the number not responding decreased significantly in 2011 relative to the position recorded in the Nationwide BID Survey for 2010 (Appendix 1), further enhancing the reliability of the survey results.

Town centre and leisure BIDs are defined as those BIDs whose boundary covers the retail and leisure core of the town centre in which they are based. Commercial and mixed-use BIDs are defined as those BIDs whose hereditaments are mainly commercial/office use or whose area has no predominant use. City-wide BIDs are defined as those BIDs that cover all business in the city except those located in the city/town centre. The afore mentioned BID types are categorized together within the questionnaire survey and analysis as City/Town Centre BIDs. A further sub-division of the City/Town Centre BIDs is used to distinguish between first term BIDs, advanced first term BIDs and renewed BIDs to reflect their different levels of maturity. In contrast, Industrial BIDs are those BIDs whose boundaries cover business parks or industrial areas and are analysed within this report as a distinct class.

The questionnaire survey applicable to all-BID types was conducted on-line and analysed using the SPSS version 19. The survey analysis was considered on a question by question basis. However some of the questions are closely interlinked and have therefore been analysed together in order to establish linkages across one or more of the questions.

All 82 BID responses have provided a detailed summary of the personnel involved in the completion and return of the survey. This includes information relating to each respondents position and role within the BID including Chief Executive Officer, Managing Director, Executive Director, Business and Finance Manager, Project Coordinator/Officer, and BID Manager. The responses received demonstrate a multi-level approach with survey contributors holding key management or administrative positions within the organisational structure responsible for each BID.

The questionnaire survey was supplemented by background data accessible in the public domain from a range of sources and included overviews of individual BID proposals and other related documents as well as follow-up clarification material obtained directly from the BID management team.

The survey has been carried out by a joint research team comprising Alliance Boots, British BIDs, and the University of Ulster together with a new Research Partner for 2011 from the Royal Institution of Chartered Surveyors. The research is sponsored this year by Jones Lang LaSalle and the New West End Company. The research is also supported by the British Property Federation, the British Retail Consortium, the British Council of Shopping Centres, the Confederation of British Industry, the Federation of Small Businesses and the Inter Bank Rating Forum.

Within the UK the total number of BIDs at the time of the Nationwide BID Survey 2011 was 110 BIDs and a further 2 BIDs have been established in Ireland (Dublin and Dundalk). The report is structured into eight sections which include Introduction, Methodology, City/Town Centre BID Levy Collection, Additional Funding and Recessionary Pressures in City/Town Centre BIDs, Project Delivery and Innovation, Decentralisation Agenda and BIDs, Industrial BIDs and Conclusions. All survey respondents will receive a copy of the 2011 report, which will also be made freely available online. We would like to thank those BID management teams who kindly responded to the Nationwide BID Survey 2011 and to encourage the non-participating BIDs to engage in the data collection process in future years. The on-going success of the Nationwide BID Survey is dependent on the collation of comprehensive, accurate and transparent data provided by BID management teams across the respective jurisdictions.

Table 2.1 Survey Responses by BID Type in 2011

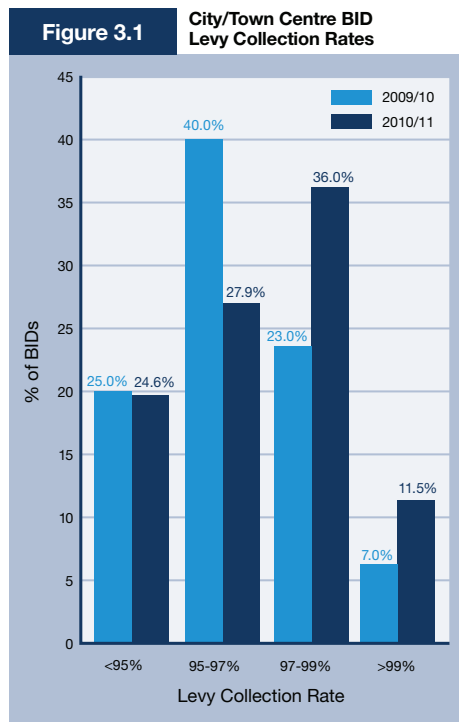
BID TYPE	Total* 2011	Responded 2011	Response % 2011	Response % 2010
Town centre, leisure, commercial, mixed, city wide BIDs	86	66	76.7%	67.1%
Industrial BIDs	26	16	61.5%	34.6%
TOTAL UK	110	80	72.7%	60.0%
TOTAL UK & Ireland	112	82	73.2%	58.8%

* Figures provided by British BIDs

3.0 City/Town Centre BID Levy Collection

The economic downturn continues to adversely impact upon the retail sector with this particularly felt on the High Street in terms of vacancy rates, job losses and reduced sales. All these factors have the capacity to potentially reduce BID levy payments and therefore impact on the effectiveness of BID operations. There is some evidence to suggest that BIDs are increasingly focusing their role on improving and regenerating their local area, which in turn requires additional revenue and funding mechanisms to secure long term sustainability. However, rather than generating more income some BIDs are facing the economic reality of having to reduce BID levies to help businesses compensate for the increases in rateable values which some businesses have faced as a consequence of the rates revaluation in 2010. Rateable values in some BID areas are now up to 40% higher compared to 2008, whereas other locations have witnessed a reduction in their rates bills. Therefore BID areas are being faced with differing pressures to improve service provision but also respond to micro and macro economic conditions whilst maximising their BID levy collection or other income streams to ensure BIDs remain the Government's favoured local business model for enhanced service delivery.

This section of the report considers three key issues concerning the BID levy of City/Town Centre BIDs for 2010-11. Firstly, the actual BID levy income and overall collection rate percentage; secondly the annual levy collection charges and unit costs from the Local Authority; and finally the actual levy rate charged for 2010-11 including inflation factors and associated discounts.



3.1 BID Levy Income and Collection Rate

The levy collection rate helps to highlight how many businesses are paying a BID levy and therefore contributing to the levy income. A high percentage of businesses paying this levy points to efficient collection and limited business exemptions, thereby resulting in higher levy incomes for the BID area. There is the potential to increase this BID levy income further upon renewal by extending the BID boundary or increasing the BID levy rate. The Nationwide BID Survey 2011 obtained current levy collection rate percentage figures from the participating BIDs during the financial year 2010-11. From the 66 participating City/Town Centre BIDs, Figure 3.1 reveals that the number of BIDs collecting levies from less than 95% of businesses has remained static at 25% of the sample but increased to 15 BIDs. However, the 97-99% band (36%) and the >99% band (11.5%) have both experienced an increase suggesting that BID levy income is now being collected from a higher proportion of businesses than last year. Indeed, 47.5% of BID areas are now collecting BID levies from more than 97% of businesses compared to just 30% in 2009/10. This is further reflected in the subsequent increases experienced by some BID areas in levy income (Table 3.1).

Table 3.1 shows that across the 38 City/Town Centre BIDs that responded to the survey over the last two years, 20 BIDs (52.6%) have experienced an increase in BID levy income with the average increase equating to £66,252 or 17.8%. A further 17 BIDs (44.7%) have experienced a decrease in BID levy income, while 1 BID retained the same income level as the previous year. Of those BIDs experiencing a decrease, the average decrease equated to £42,580 or 8.1%. This shows a high degree of variance across the survey and further analysis within the renewed BIDs reveals a similar trend with 9 BIDs (52.9%) experiencing a decrease while 8 BIDs (47.1%) experienced an increase. Of further interest is the fact that 6 renewed BIDs had extended their BID boundary and 4 of these BIDs with extended boundaries still returned a decrease in BID levy income, pointing to wider economic impacts and potential rateable value reductions occurring in these areas. The average BID levy income for the comparable sample shows an average of £565,379 for 2009/10 and a decrease of 9.7% to £510,527 for 2010/11. Despite this decrease in the average BID levy income there are still healthy levy incomes being generated by City/Town Centre BID areas in what has been a difficult recessionary period and these BID levies continue to be further augmented by the additional income streams that some BIDs are also achieving (Section 4.1).

On an individual BID basis high levy income increases were experienced by Totally Truro (117%), Paddington (31.8%), and Hammersmith/London (28.2%) none of which had extended their BID boundary but instead experienced higher than average rateable value uplifts. Similarly, decreases were experienced by Enterprising Bathgate (18.6%), Hinckley (15.6%) and Coventry City Centre (15.3%). The survey results also showed that 16 BIDs (24.2%) applied the inflation rate to their BID levy, illustrating that this did have an impact on the increase in BID levies. The variation shown in BID levy income suggests that economic uncertainty still exists and impacts on all income streams be it BID levy or additional income. However, there is the potential to turn around the decreases as the recessionary impacts lessen through greater levy collection efficiency or minimising the number of businesses qualifying for exemptions or discounts.

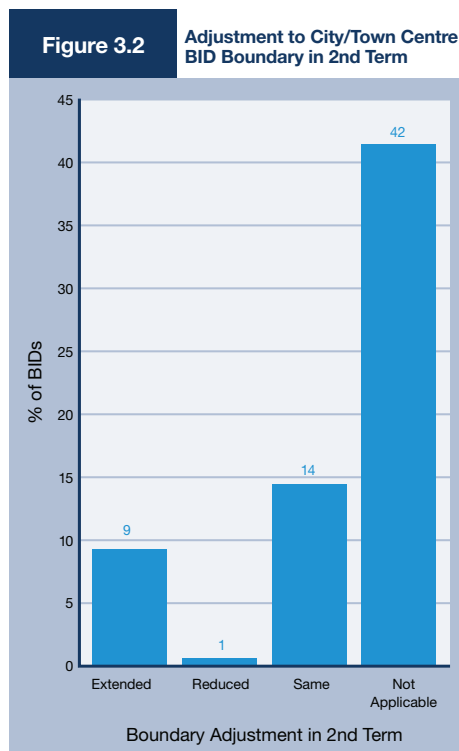


Table 3.1 Comparison of City/Town Centre BID Levy Income and Hereditament Numbers

BID Name	Levy Income 2009/10	Levy Income 2010/11	% Difference	No of Hereditaments 2010/11
Angel AIM	£300,000	£333,000	+11%	339
Better Bankside	£1,037,000	£969,856	-6.5%	436
Boston BID	£130,000	£144,000	+10.8%	577
Brighton BID	£183,000	£170,000	-7.1%	384
Bristol Broadmead BID	£313,576	£296,000	-5.6%	240
Camden Town Unlimited	£383,966	£430,000	+12%	298
Coventry City Centre BID	£331,421	£280,770	-15.3%	672
Croydon BID	£1,000,000	£1,098,752	+9.9%	589
Daventry BID	£118,814	£140,972	+18.6%	389
Ealing Broadway BID	£362,000	£310,000	-14.4%	450
Enterprising Bathgate	£73,500	£59,850	-18.6%	420
Essential Edinburgh	£869,140	£870,000	+0.1%	585
Falkirk BID	£174,000	£170,000	-2.3%	540
HammersmithLondon	£590,685	£757,535	+28.2%	356
Heart of London Business Alliance	£639,833	£667,000	+4.2%	214
Hinckley BID	£161,000	£135,891	-15.6%	400
Hull BID	£505,000	£465,000	-7.9%	1379
inmidtown BID	£2,464,365	£2,200,000	-10.7%	660
inSwindon	£361,000	£373,268	+3.4%	465
Ipswich Central BID	£500,219	£564,663	+12.9%	765
Kingston First	£878,255	£859,826	-2.1%	957
New West End Company	£2,472,000	£2,608,000	+5.5%	290
Newcastle NE1 BID	£1,488,713	£1,600,000	+7.5%	1300
Nottingham Leisure BID	£250,000	£250,000	0%	260
Paddington BID	£404,422	£533,000	+31.8%	300
Plymouth BID	£350,000	£400,000	+14.3%	572
Reading BID	£305,000	£345,065	+13.1%	445
Royston First	£180,000	£177,000	-1.7%	413
Rugby First	£591,700	£599,000	+1.2%	410
Stratford BID	£350,000	£322,202	-7.9%	460
Team London Bridge	£592,177	£701,438	+18.5%	331
Torquay BID	£244,500	£238,812	-2.3%	620
Totally Truro	£114,460	£248,632	+117%	418
Victoria BID	£1,330,835	£1,287,484	-3.3%	242
Waterloo Quarter BID	£518,500	£446,940	-13.8%	371
Winchester BID	£370,000	£442,108	+19.5%	803
Worcester BID	£318,761	£369,503	+15.9%	669
Worthing BID	£226,546	£220,000	-2.9%	334
Average	565,379	£510,527	-9.7%	565

Renewed BIDS highlighted in blue

Figure 3.2 outlines that of the 23 City/Town Centre BIDs who responded that have gone through renewal, a total of 8 BIDs (34.8%) have extended their BID boundary while a further 14 BIDs (60.9%) have retained the same boundary as the original BID proposal. Interestingly, 5 of the BIDs (Better Bankside, Lincoln BIG, Liverpool City Central, New West End Company and Plymouth) who extended their BID boundary appear in the listing of highest producing BIDs (Figure 4.3) suggesting that income levels can be enhanced with increases to BID boundary. One BID (Rugby First) indicated that they had implemented a reduction in BID boundary but this was only a very marginal boundary change. However, the high number of BIDs that chose not to take the opportunity to increase their BID boundary illustrates that the majority of BIDs prefer to move forward with the businesses that signed up to the original ballot as these businesses have established a rapport and are supportive of the BID objectives and buy into the collaborative and collegial spirit that the BID has helped develop. In addition, for a typical town centre BID that captured the whole of the commercial area within its first term boundary there is no scope to extend in a second term.



3.2 BID Levy Collection Charges

Local authorities have continued to charge a fee for the collection service associated with the BID levy. Once again there continues to be a significant variation in the annual levy collection charge across the BIDs that participated in this year's survey. Responses were received from 65 City Centre BIDs with 38.5% having no collection charge levied by the local authority compared to a figure of 28.6% in 2009/10 survey (Figure 3.3). This increase shows the positive step taken by some local authorities to implement no charge for the levy collection. It should be noted that this still lags significantly behind the Industrial BIDs, 53.3% of whom pay no charge, although this in part relates to the fact that the majority of industrial BIDs run an annual collection charge process that doesn't allow for any changes or refunds during the year and is therefore cheaper to manage. Further analysis shows that 15.4% of BID respondents reported to have paid less than £10,000, 26.2% paid between £10,000 and £20,000, while a further 20% of BIDs paid more than £20,000.

The BIDs that provided information on their annual collection charge are shown in Table 3.2. This reveals a large variation in the number of hereditaments within BID areas, ranging from 214 (Heart of London Business Alliance) to 3543 (Dublin City BID). It should be noted that the Dublin BID operates under Irish BID legislation that works slightly differently to that of England, Wales and Scotland thereby resulting in a significantly higher number than elsewhere. The average number of hereditaments in BID areas is 514¹¹, substantially higher than the Industrial BID average of just 209 hereditaments. Furthermore, the BID Unit Costs (Annual BID Levy Collection Charge divided by the Number of Hereditaments) in Table 3.2 show a significant variation from just £2 per hereditament in Totally Truro up to £125 in the Victoria BID. This significant variation in levy charges continues, as highlighted last year, despite the same collection service being offered across all BIDs.

Table 3.2 also shows that a number of City/Town Centre BIDs have seen a reduction in the charges payable to the Local Authority, with 14 BIDs (35%) benefiting from this. In general the average unit costs (£64) being faced by BIDs within the London region was higher than the average unit cost for the rest of the UK and Ireland (£19). However, it should be noted that 3 London based BIDs retained competitive unit costs notably Croydon (£25.47), Kingston First (£29.26) and Ealing (£35.60), each of which was below the sample average of £36.05 in 2010/11 and £38.21 in 2009/10.

¹¹ Dublin City BID has been excluded from this calculation to avoid skewing results given the significant difference in hereditament numbers.

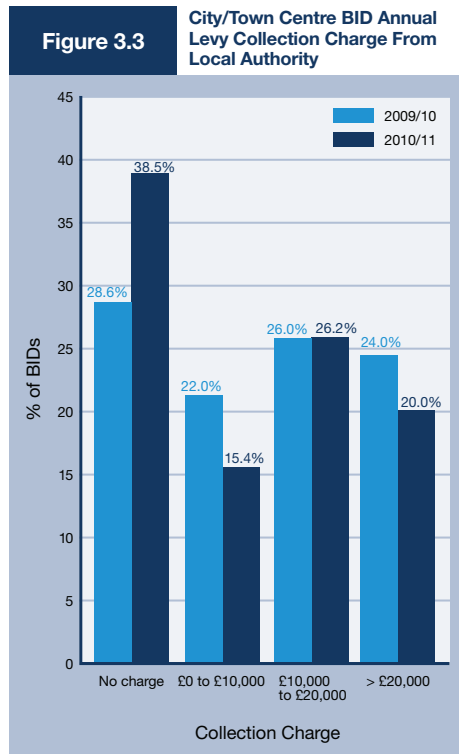


Table 3.2 City/Town Centre BID Unit Cost

BID Name	BID Annual Levy Collection Charge (£)	Number of Hereditaments/ BID	BID Unit Cost (£) 2009/10	BID Unit Cost (£) 2010/11
Bath BID	£32,500	617	-	53
Bayswater BID	£30,000	450	73	67
Beeston BID	£15,476	507	-	31
Better Bankside	£33,000	436	80	76
Bury St Edmunds	£4,223	380	23	11
Boston BID	£8,702	577	9	15
Brighton BID	£11,500	384	47	30
Camden Town Unlimited	£17,000	298	61	57
Coventry City Centre BID	£12,500	672	18	19
Croydon BID	£15,000	589	27	25
Dublin City Centre BID	£30,000	3543	-	8
Ealing Broadway BID	£16,000	450	27	36
Enterprising Bathgate	£1,304	420	8	3
Hammersmith London	£19,000	356	55	53
Heart of London Business Alliance	£17,000	214	83	79
Hinckley BID	£3,500	400	8	9
Hull BID	£28,000	1379	19	20
Ilford BID	£19,925	480	-	42
inmidtown	£30,000	660	56	45
inSwindon	£13,750	465	27	30
Kingston First	£28,000	957	31	29
Kirkcaldy BID	£3,500	500	-	7
Lincoln BIG	£12,000	870	-	14
Liverpool City Central BID	£19,843	631	-	31
Mansfield BID	£13,500	500	-	27
New West End Company	£23,238	290	69	80
Northampton Town Centre BID	£11,800	476	-	25
Paddington BID	£26,766	300	71	89
Reading BID	£5,000	445	11	11
Rugby First	£13,000	410	20	32
Skipton BID	£4,500	540	14	8
Stratford BID	£5,566	460	8	12
Swansea BID	£14,000	768	19	18
Team London Bridge	£28,050	331	-	85
Totally Truro	£750	418	-	2
Victoria BID	£30,276	242	108	125
Waterloo Quarter BID	£26,447	371	68	71
Winchester BID	£14,500	803	17	18
Worcester BID	£6,000	669	22	9
Worthing BID	£13,400	334	29	40
Average	£16,463	514*	38	36

London-based BIDs highlighted in blue *This figure excludes the hereditaments for Dublin City Centre BID



3.3 BID Levy Rates and Associated Discounts

The spread of levy rates, as shown in Table 3.3, reveals that a relatively static 3% of the BID respondents charge <1% as a BID levy rate compared with 3.9% of BIDs in 2009/10. The 1% rate was once again the most common rate used by 56.1% of BIDs, whereas the 1% to 2% rate was used by 30.3% of BIDs, a small increase from the 27.5% returned in 2009/10. The small increase in the 1-2% rate is reflected in the number of smaller BIDs coming forward in the past year which need a 1-2% rate to help generate sufficient BID levy revenue streams. Figure 3.4 shows that the percentage of BIDs charging >2% levy rate and those charging a variable rate has remained static over the last two years with limited variation in these figures. Some BID areas are now making slight adjustments to their BID levy through the use of the inflation factor (16 BIDs or 24.2%).

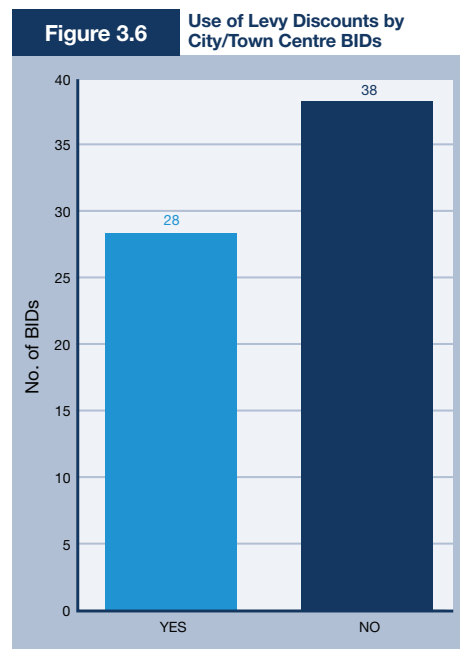
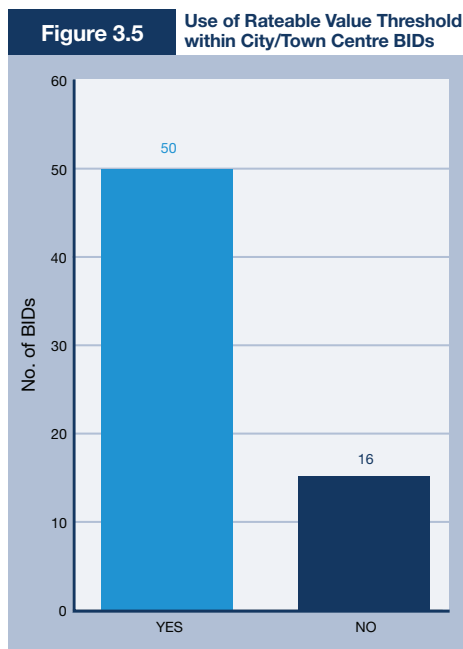
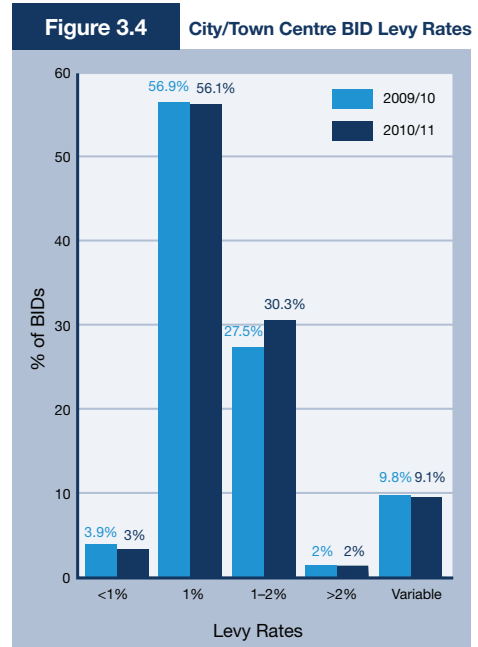
A further way in which some BID areas influence their levy incomes is through the use of exemptions linked to rateable value or through offering discounts to certain business types within the BID boundary. In the case of City/Town Centre BIDs there is significant use of rateable value thresholds to reduce levy liability on very small businesses in BID areas, with Figure 3.5 indicating that a total of 50 BIDs (75.8%) implement some form of rateable value threshold. This can apply to both those below a certain threshold who will be exempt or indeed through a cap where the maximum amount is set that a business will be liable for regardless of the actual rateable value. Of the 50 BIDs implementing a rateable threshold, 8 BIDs (16%) applied a threshold of less than £5,000, 13 BIDs (26%) applied a threshold of less than £10,000, 13 BIDs (26%) applied a threshold of less than £15,000, 4 BIDs (8%) applied a less than £20,000 threshold and a further 3 BIDs (6%) applied a less than £25,000 threshold.

The highest thresholds were all applicable to London based BIDs where the property values and hence rateable values are significantly higher than the rest of the UK. Three London-based BIDs applied a threshold of £40,000 (Camden Town Unlimited, Croydon and Hammersmith London), Heart of London Business Alliance applied a £50,000 threshold and in midtown applied £60,000. Not surprisingly the highest threshold values were applied in Victoria (£100,000) and New West End Company (£250,000). In some cases where a threshold is applied, the BID offers a voluntary membership scheme for smaller businesses falling under that threshold to enable an active level of engagement in the BID management arrangements by smaller businesses. Clearly, with or without this voluntary 'club' arrangement in place, businesses below the threshold will benefit from area based services of the BID without being obliged to pay.

Figure 3.6 shows how prevalent the use of BID levy discounts are amongst City/Town Centre BIDs, with 28 BIDs or 42.4% deploying some form of levy discount to certain business types. A total of 16 City/Town Centre BIDs explicitly referenced agreeing shopping centre discounts commonly ranging from 25-50%, whereas 9 BIDs referred to providing charity discounts ranging from 40-80%. A further 5 BIDs provided both charity and shopping centre discounts. These results show that there are no set percentage discounts being applied across all BID locations, with a decision on the size or nature of the discounts, if any, determined locally.

Table 3.3 Comparison of City/Town Centre Based BID Levy Rates for 2009/10 and 2010/11

BID levy rate	2010		2011	
	No of BIDs	%	No of BIDs	%
<1%	2	3.9%	2	3%
1%	29	56.9%	37	56.1%
1 to 2%	14	27.5%	20	30.3%
>2%	1	2.0%	1	1.5%
Variable	5	9.8%	6	9.1%



3.4 Key Findings

- At the time of the survey there were 86 City/Town Centre BIDs in the UK and Ireland which made up 76.8% of the total BIDs population, of which 66 BIDs (76.7%) responded to this 2010/11 survey.
- Over 77% (51) of City/Town Centre BIDs collect a BID levy from more than 95% of businesses. Indeed, levy collection rates in the >97% categories increased from just 30% in 2009/10 to 47.5% in 2010/11, demonstrating a strong and effective levy collection system in operation.
- Across the 38 City/Town Centre BIDs with comparable data for 2009/10 and 2010/11 there has been a variable BID levy income performance, with 20 BIDs (52.6%) experiencing an average increase of £66,252 or 17.8%, while a further 17 BIDs (44.7%) experienced a decrease in levy income of £42,580 or 18.1%.
- The average levy income for the comparable 38 BID sample was £565,379 in 2009/10 and £510,527 in 2010/11, representing a drop of 9.7%. This relatively small decrease does not cause undue concern given that BID levy income continues to be augmented by additional income across many BID areas.
- Totally Truro (117%), Paddington (31.8%) and HammersmithLondon (28.2%) have demonstrated the highest overall increases in BID levy income, despite no boundary extensions.
- Only 16 (24.2%) City/Town Centre BIDs across the UK and Ireland applied the inflation factor to their BID levy, showing that BID management teams have remained supportive of businesses in helping them to weather the current economic downturn.
- The 2010/11 survey has seen a slight increase in the number of City/Town Centre BIDs facing no charge from the Local Authorities for the collection of the BID levy. However, it is difficult to determine if this reflects the increase in sample size within the survey this year or more Local Authorities deciding to field no charge against this service.
- Overall there have been limited changes in the levy collection charges faced by City/Town Centre BIDs. However, adjustments in hereditament numbers have seen 14 BIDs (35%) resulting in a reduction in BID levy unit cost.
- There remains a large variation in the number of hereditaments within the BID boundaries, with Heart of London Business Alliance the smallest (214 hereditaments) and Dublin City Centre BID the largest (3,543). The overall average number of hereditaments was 514 in 2010/11 compared to 500 in 2009/10 and just 209 in Industrial BIDs.
- There is a significant variation in the BID unit cost applied by City/Town Centre BIDs ranging from £2 per hereditament in Totally Truro to £125 per hereditament in the Victoria BID.
- The average unit cost of City/Town Centre BIDs in the London Region (£64) was significantly higher than the average for the rest of the UK and Ireland (£19), indicating that regional disparities exist. However, the average unit cost across the whole sample has shown a slight reduction from £38.21 in 2009/10 to £36.05 in 2010/11.
- A total of 8 renewed City/Town Centre BIDs (34.8%) have extended their BID boundary thereby capturing additional BID levy income; while a further 14 BIDs (58.3%) have retained the boundaries from the original proposal.
- Only 1 BID (Rugby First) reduced their BID boundary from the original proposal citing a small boundary shift affecting only 9 businesses on the periphery of the BID.
- The most common BID levy rate in the 2010/11 survey was the 1% category (56.1%) followed by the 1-2% rate (30.3%). The uplift in the 1% to 2% category from last year was mainly attributable to the size of location in the newly formed BIDs. The number of BIDs within the less than 1%, the variable rate and >2% categories has remained static from last year's survey.
- Over 75% of City/Town Centre BIDs currently use a rateable value threshold to reduce the levy liability of certain business types and sizes in BID areas. The majority of these thresholds fell within £5,000-15,000 although these thresholds are closely linked to property values in the respective areas and therefore a wide variation between London and the rest of the UK and Ireland does exist.
- There remains a number of City/Town Centre BIDs (42.4%) adopting the use of levy discounts for shopping centres and charities. Shopping centre discounts commonly range from 25-50%, while charitable discounts range from 40-80% across BID areas. No universal formula for calculating discounts is in operation.

4.0 Additional City/Town Centre BID Funding and Recessionary Pressures

The latest figures from the Office of National Statistics (ONS) imply signs of a tentative recovery. However, the pace of this recovery continues to be slow with GDP growth for Q2 in 2011 up just 0.2%, while the change in the one year figure demonstrates a 0.7% increase from last year. This slow recovery continues to be felt on the High Street where the Consumer Price Index shows an inflation rate of 4.2% in June 2011 compared to a European Union rate of just 3.2%. This high inflation rate, coupled with the uncertainty in the job market continues to affect consumer spend and, as a result, puts a sharp focus on the need for BIDs to continue to seek out additional revenue streams and look towards wider area regeneration investment to help secure their long-term sustainability. This chapter explores both these issues in the context of the financial year 2010/11 BIDs survey with comparison drawn to 2009/10 where appropriate.

4.1 Additional BID Income Over and Above BID Levy

The BID income returns in Table 4.1 show a significant reduction of £1,479,100 (16.6%) and £1,418,301 (15.2%) in the additional income streams for the City/Town Centre BIDs and Total BIDs respectively over the last year. This 16.6% decrease in income levels experienced by the City/Town Centre BIDs has occurred despite a 16 BID increase in sample size, i.e. the survey sample increase of 16 BIDs has still resulted in nearly £1.5M being shaved off the total BID income for the year 2010/11. In contrast, the Industrial BIDs have experienced a small increase in income revenue at £60,799 (14.4%) for the same timeframe. However, the Industrial BIDs with a total revenue income of just £483,899 has occurred on the back of a 7 BID increase in survey sample size from last year and therefore does not represent a significant increase and they remain a small proportion of the overall total BIDs income (£7,911,751). This difference between the City/Town Centre BIDs and the Industrial BIDs performance could reflect a greater resilience amongst the Industrial BIDs to withstand the economic downturn as their performance is less impacted upon by consumer spend fluctuations than the retail or leisure led BIDs. However, it should be noted that the scope for additional income in Industrial BIDs has always been less and therefore the potential fluctuation is bound to be reduced.

Of further note is that 12 of the 66 City/Town Centre BIDs (18.2%) and 8 of the 16 Industrial BIDs (50%), the equivalent of 20 out of 82 (24.4%), failed to attract any additional income for the 2010/11 year compared to only 9 out of 60 (15%) for the complete sample last year. The increase in BID levy income experienced by some City/Town Centre BIDs (discussed in Chapter 3) may have resulted in less targeting of additional income streams and a natural contraction of the additional income. However, it also suggests that sourcing additional income is becoming more difficult and that the recession continues to have an impact on the availability of additional revenue. It is anticipated that over the short term the contraction in additional income could continue as revenue streams become harder to source and the competition between BIDs and other businesses outside of the BID areas increases.

Table 4.1 Comparison of Income Over and Above the BID Levy

	2009/10	2010/11	% Difference
City/Town Centre BIDs	£8,906,952	£7,427,852	-16.6%
Industrial BIDs	£423,100	£483,899	+14.4%
Total BIDs	£9,330,052	£7,911,751	-15.2%



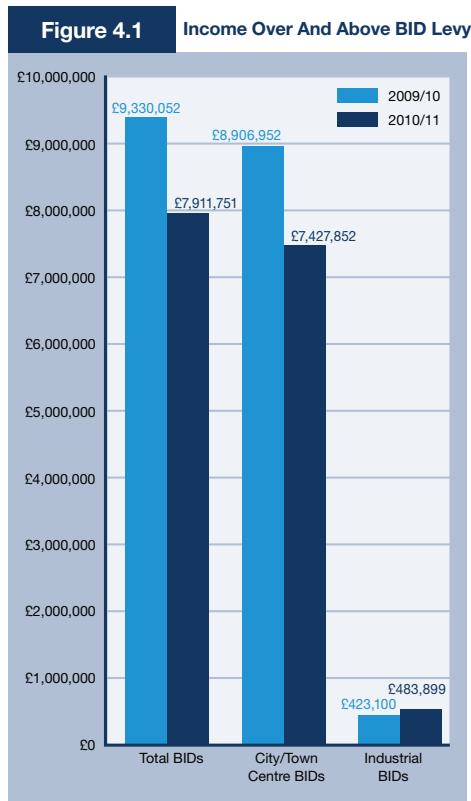


Figure 4.1 illustrates the amount of additional income across all BIDs including the City/Town Centre BIDs and Industrial BIDs. While this further demonstrates the reduction in additional income, on the plus side it also shows that significant revenue funds are still being attracted to the BIDs business model with funds approaching £8 million shared across the 82 BIDs who participated in this year's study. Furthermore, the relative strength of the City/Town Centre BIDs in comparison to the Industrial BIDs is again evident with the former accounting for 93.4% of the total BIDs additional income compared to just 6.6% for the Industrial BIDs. However, the Industrial BIDs (as described in Chapter 7), in contrast to the City/Town Centre BIDs, have managed to increase their additional income. The outlook for the City/Town Centre BIDs in terms of the current downward trend is hard to predict, but there remains some likelihood that the income levels will continue to be affected by the continued uncertainty surrounding the global economy.

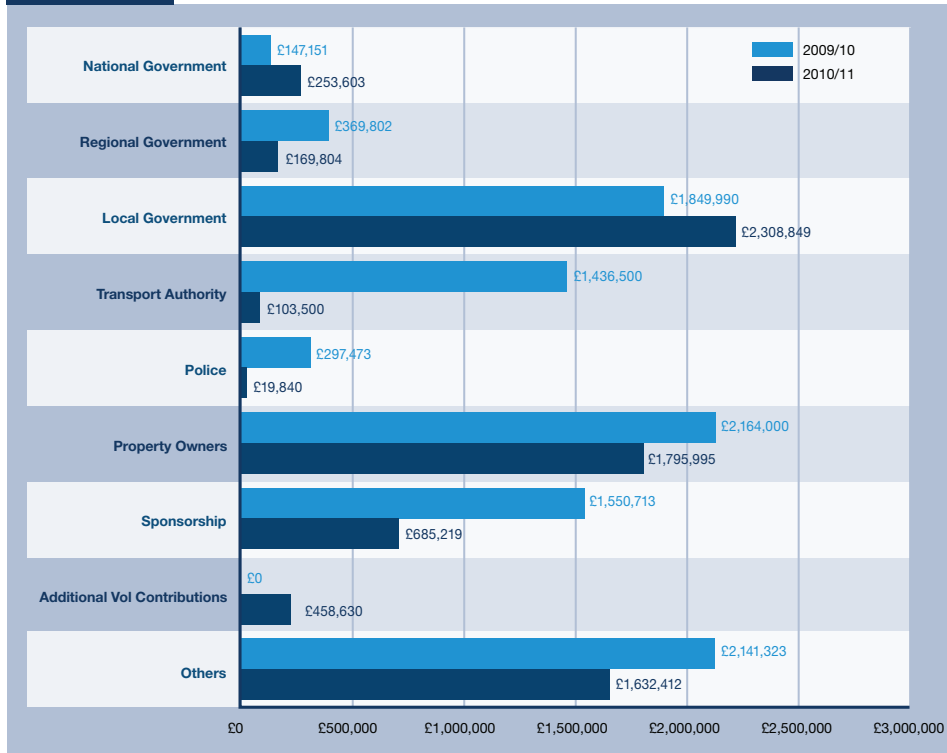
4.2 Sources of Additional BID Income

It is interesting to note from Figure 4.2 that the additional income sources of the City/Town Centre BIDs shows less variation in the diversity of funding compared to last year's survey with three core sources coming to the forefront. These sources include Local Government (£2,308,849), Property Owners (£1,795,995) and Other (£1,632,412). The income streams that have witnessed the largest reductions are the Transport Authorities (£1,333,000 or 92.9%), the Police (£277,633 or 93.3%) and Sponsorship (£865,494 or 55.8%) with each of these revenue streams showing a substantial funding deficit on last year. At the opposite end of the scale some revenue streams have increased, notably Local Government (an increase of £458,859 or 24.8%) and National Government (an increase of £106,452 or 72.3%). This could point towards Government taking a greater interest in innovative revenue generating vehicles such as BIDs given the genuine wider regeneration impact potential that some of these BIDs now exhibit (see later discussion on investment generation). This is perhaps all the more surprising given the cost cutting measures being undertaken by the current Coalition Government and the abolishment of the Regional tier of governance which will see the tail-end funding for Regional Government completely removed for next year. It also remains to be seen if this level of funding will be maintained especially with the potential introduction of local retention of business rates uplift which could see Government view this reappportionment of the business rates as the main source of local funding, hence be unwilling to further pump-prime the BID model.

A further interesting development is the emergence of Additional Voluntary Contributions which has been explicitly drawn out in this year's survey after forming part of the Sponsorship source last year. It has been used to capture revenue from 'fee for service' income streams drawn from the commercialisation of services, e.g. charging a fee for businesses outside of the BID area for a service provided to them. It remains to be seen how these income sources will differ next year given an anticipated increase in the speed of the economic recovery which could see more investment confidence return.

Exploration of the largest income stream, Local Government, shows that this stream alone accounted for 31.1% of the overall BID income for City/Town Centre BIDs. At an individual BID level, Liverpool City Central (£319k), Rugby First (£223k which topped last year's figure of £214k) and Plymouth (£180k) lead the field in terms of attracting Local Government funding. For Liverpool, this figure relates to the arrangement with their City Council whereby the levy liability on the Council hereditaments is waived in exchange for all staff salaries being funded by the Council. Plymouth also receives a contribution from their City Council towards staffing costs. In the case of Rugby, this is slightly misleading as the £223,000 relates to a council contribution to the running of CCTV. The uncertainty affecting the local retention of business rates and its potential impact on BID revenue could place some strain on future BID leverage of local government funding, especially if local government view the rates retention as an income stream for wider economic development projects beyond BID boundaries.

Figure 4.2 Source of City/Town Centre BIDs Income Over and Above BID Levy



Property Owners this year dropped into second place in terms of income generation accounting for 24.1% of the total BID income, which in percentage terms is virtually identical to last year (24.2%). Again like last year New West End Company (£919k) and Heart of London Business Alliance (£206k) were the leading beneficiaries of Property Owner income, while Retail Birmingham (£144k) also emerged as a significant recipient. Birmingham's £144,000 is made up from contributions from all four shopping centres plus some further property owners within the area. National Government emerged as an increased revenue stream while most income sources were contracting, however at only 3.4% of the total BIDs income it is still a small proportion of the total additional income fund. Notable performances in seeking National Government funding include Lincoln BIG (£70k), Reading (£58k) and Better Bankside (£47k). In the case of Reading, the £58,000 came from two sources – £20,000 from the Home Office Alcohol Support Programme to address a more positive image of evening and night time economies plus £38,000 from Communities and Local Government for empty shops impact mitigation. Bankside's £47,000 was a grant from the Department of Work and Pensions for a Health and Well Being Programme.

Sponsorship has fallen back this year accounting for 9.2% of total income compared to 16.7% last year. The major contributors from Sponsorship this year were New West End Company (£270k, largely from their VIP – Very Important Pedestrians events that attract significant sponsorship) and the two Irish BIDs of Dublin City Centre (£85k) and Dundalk (£50k). However, despite the total revenue from Sponsorship being down, in a change from last year, there appears to be more BIDs seeking Sponsorship as a key revenue stream with over 1/3 of the total BIDs seeking some income from this source. The final area of note was the emergence of Additional Voluntary Contributions with this accounting for £458k or 6.2% of the total income. This is currently a small proportion of the additional BID income with over half of this amount coming from just 3 BIDs – Ipswich Central (£144k), Liverpool City Central (£52k) and Heart of London Business Alliance (£47k). In the case of Ipswich Central, this income is largely from external activities undertaken by the BID team in the form of consultancy and management support that helps to reduce the operational cost of the Ipswich BID.



4.3 Comparison of Additional BID Income with Last Year

Closer inspection of the performance of the City/Town Centre BIDs over the last two years, as shown in Table 4.2, adds further clarity to the drop in additional income experienced across the vast majority of BIDs. Indeed, of the 36¹² BIDs with comparable income figures for 2009/10 and 2010/11 there are only 8 BIDs or 22.2% of the sample which demonstrated an upward rise in the additional income over and above the BID levy. Of these, special mention should be made to the BIDs from Daventry (251%), Ipswich Central (117%) and Reading (90.1%) each of which recorded significant increases in their income levels despite the wider recessionary impacts being felt by the BIDs in general. In the case of Daventry, this is in fact a misleading figure as the value of the secondment post was only entered in this year's survey despite the fact it had actually also been in place in the previous year. The increase in income at Ipswich is largely down to the enhanced external activity being undertaken by the BID management team over the past year. For Reading, there have been successes in attracting new funds but this figure also in part includes some funds carried forward from the previous year.

The sources of additional income varied across the three tiers of government as well as sponsorship, additional voluntary contributions and contributions from property owners. Of the BIDs experiencing a significant income level downturn, Bristol Broadmead (100%), Camden Town Unlimited (92.4%) and Hinckley (89%) have all suffered a dramatic reduction in additional income. For Bristol this is down to an ownership change and a decision to cut back on all non fixed costs. The Camden Town Unlimited additional income turnaround can be in part explained by the range of transport infrastructure projects funded last year which artificially inflated their income return in 2009/10 and the decrease was lessened by an increase in BID levy income. In the case of Hinckley, this is due to an artificial uplift the previous year by virtue of a one-off set up grant for business premises.

Whilst lower income returns cannot be undue cause for concern based on one annual return, especially when some BIDs have balanced this downturn with an increase in BID levy income, this needs to be closely monitored to see if the BID income streams become adversely affected over a longer period and therefore if further pump priming action is required to restore private sector confidence. There is evidence to suggest that some BIDs have been able to maintain their previous income levels with the Plymouth, Rugby First, Newcastle, Heart of London Business Alliance and Falkirk BIDs all experiencing less than a 5% reduction in additional income. These differences in additional income generation, whether positive or negative, will become more significant in future surveys especially if some BIDs maintain a downward or upward performance curve.

Similarly, in Table 4.2 the reduction in total revenue from additional income across the two years for the comparable BIDs shows a 39.7% shortfall from last year or £3.22 million. This could reflect a reduction in capital infrastructure projects especially as more BIDs become established or that BIDs are becoming more selective in terms of the types of projects and hence experience a targeted reduction in the funding streams required. While undoubtedly BIDs will continue to maximise their additional funding where opportunities arise to do so, there could potentially be a point where the projects being developed determine the amount and type of funding sought resulting in a natural contraction/increase in the income levels, making yearly figures inconsistent

12 Of the 86 City/Town Centre respondents this year only 54 generated an additional income in 2010/11 and of this only 36 participated in last year's survey, hence reducing the viable sample to 36 for direct comparison purposes.

Table 4.2 Comparison of City/Town Centre BIDs Additional Income 2009-11

BID Name	Additional Income 2009/10	Additional Income 2010/11	% Difference
Angel AIM	£289,000	£58,500	-79.8%
Better Bankside	£431,892	£211,000	-51.2%
Boston BID	£55,000	£14,313	-74%
Brighton BID	£42,000	£52,400	+24.8%
Bristol Broadmead BID	£75,000	£0	-100%
Camden Town Unlimited	£1,264,000	£96,000	-92.4%
Coventry City Centre BID	£305,000	£271,324	-11%
Croydon BID	£568,000	£119,000	-79%
Daventry BID	£25,000	£87,739	+251%
Ealing Broadway BID	£115,000	£95,000	-17.4%
Enterprising Bathgate	£81,500	£64,690	-20.6%
Essential Edinburgh	£179,000	£54,000	-69.8%
Falkirk BID	£160,000	£159,020	-0.6%
HammersmithLondon	£179,523	£58,500	-67.4%
Heart of London Business Alliance	£265,000	£258,000	-2.6%
Hinckley BID	£50,000	£5,500	-89%
Hull BID	£81,000	£20,000	-75.3%
inmidtown (previously InHolborn)	£130,000	£100,000	-23.1%
inSwindon	£205,781	£137,398	-33.2%
Ipswich Central BID	£95,000	£206,155	+117%
Kingston First	£187,323	£123,600	-34%
New West End Company	£1,951,763	£1,409,674	-27.8%
Newcastle NE1 BID	£86,000	£84,000	-2.3%
Paddington BID	£28,426	£20,558	-27.7%
Plymouth BID	£425,000	£411,000	-3.3%
Reading BID	£77,000	£146,391	+90.1%
Royston First	£51,000	£23,500	-53.9%
Rugby First	£234,000	£226,500	-3.2%
Stratford BID	£34,500	£51,611	+49.6%
Torquay BID	£90,000	£47,000	-47.8%
Totally Truro	£14,189	£15,300	+7.8%
Victoria BID	£130,000	£45,197	-65.2%
Waterloo Quarter BID	£50,015	£74,362	+48.7%
Winchester BID	£67,000	£52,460	-21.7%
Worcester BID	£44,300	£39,250	-11.4%
Worthing Town Centre BID	£28,000	£40,000	+42.9%
TOTAL	£8,095,212	£4,878,942	-39.7%



4.4 Highest Producing BIDs by Additional BID Income

The highest additional income was once again returned by New West End Company generating an income of £1.4M, followed by Lincoln with £755k and Liverpool City Central with £461k. Three of the highest producing BIDs do not have comparable figures from 2009/10, as Retail Birmingham and Liverpool City Central did not participate in the 2009/10 survey, whereas Lincoln has jumped from no additional income in 2009/10 to second place in income generation in this year's survey.

However, the small scale of the reductions in additional income in most cases, with the exception of the New West End Company and Better Bankside, points to additional income generation amongst the highest producing BIDs being of less concern than for other BID areas. Of perhaps greater significance is that 8 of the BIDs shown in Figure 4.3 are established or mature BIDs having passed their first renewal stage. This clearly illustrates that the income generation of BIDs is likely to be significantly higher in the later lifespan of the BID than in a BID's infancy. It is equally encouraging to see two advanced first term BIDs record high additional income levels with Retail Birmingham and Ipswich Central testament to what can be achieved in a relatively short timeframe with both BIDs starting in 2007.

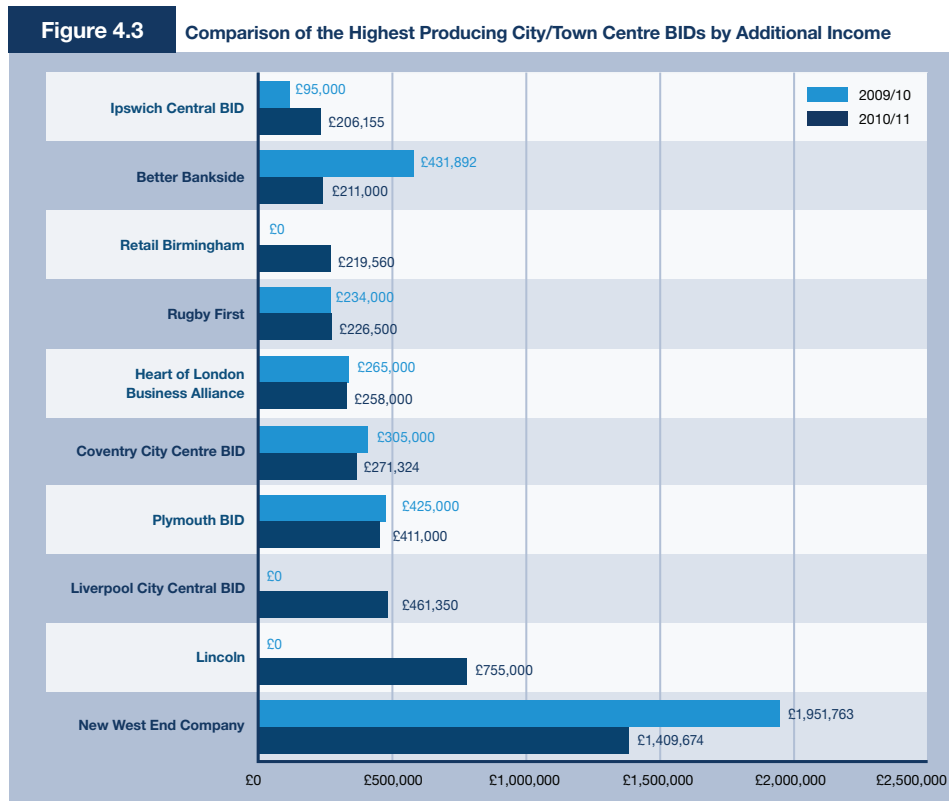
Further analysis of the BIDs that have gone through 1st renewal and those yet to reach that stage shows a clear disparity in income levels, with the renewed BIDs capable of attracting significantly more additional funding. Table 4.3 demonstrates this point by analysing the highest producing BIDs in each cycle, with the 3 renewed BIDs collectively generating over £2.6million whereas the top 3 advanced 1st term BIDs generated just over £575k representing a 78% difference between the two. This supports the earlier hypothesis regarding the increased income generating capabilities of BIDs when they reach renewal and shows the ultimate benefits to be gained by local authorities in retaining confidence in the BID model.

Figure 4.4 links BID maturity to the knowledge they have gained with 62.5% of renewed City/Town Centre BIDs taking the opportunity to adjust their BID proposal themes based on their first term experiences. This shows the natural progression that a number of these BIDs have undertaken which has then necessitated a change in focus going into the 2nd term. In the majority of cases it has resulted in an expansion or emphasis shift from the original proposal or a simplification of the BID theme terminology.

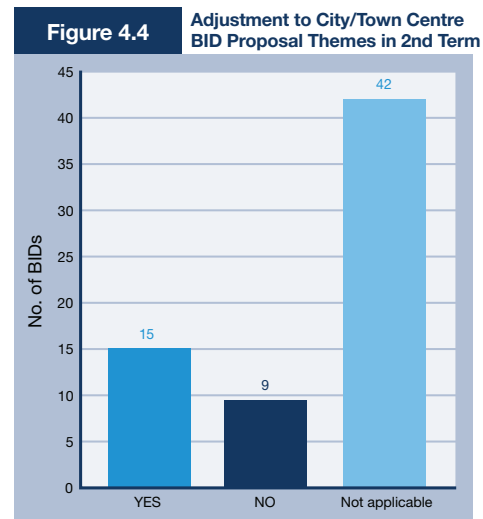
Table 4.3

Comparison of Higher Producing Renewed Versus Advanced 1st Term BIDs by Additional Income

	BID Status	Income
New West End Company	Renewed	£1,409,674
Lincoln BIG	Renewed	£755,000
Liverpool City Central	Renewed	£461,350
Retail Birmingham	Advanced 1st Term	£219,560
Ipswich Central	Advanced 1st Term	£206,155
Oldham	Advanced 1st Term	£150,000



Some BIDs are placing greater emphasis on the wider regeneration potential of the BID with this reflected in both the Birmingham Broad Street and Camden Town Unlimited BIDs. Inmidtown and Camden Town Unlimited BIDs also mention the cost saving and cost neutral aspirations of the renewal term, whereas Kingston First have broadened the tourism theme to reflect the place making and destination management goals of the BID. A number of renewed BID proposals now emphasise the increasing importance of marketing and events to drive footfall generation, in particular the Liverpool City Central, Kingston First and Heart of London Business Alliance BIDs. Similarly, another emerging area gaining more exposure is CSR with New West End Company and HammersmithLondon BIDs advocating this alongside a more strategic overview, while Waterloo Quarter have recognized the importance of making the proposal more aspirational for local businesses in terms of the phraseology used. Finally, Liverpool City Central and Paddington have placed a greater importance on environmental enhancement and recycling schemes respectively. All these alterations to the BID proposals show that BIDs at renewal are continuing to become more innovative and are ensuring that their delivery targets best reflect the priorities in their local area which clearly overlaps with the localism agenda pushed by Government.

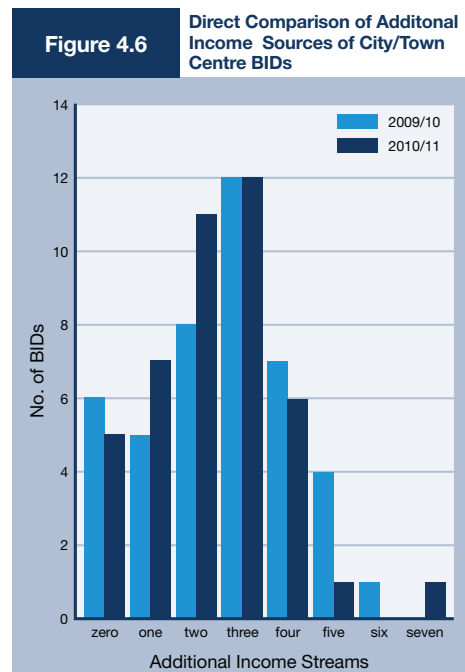
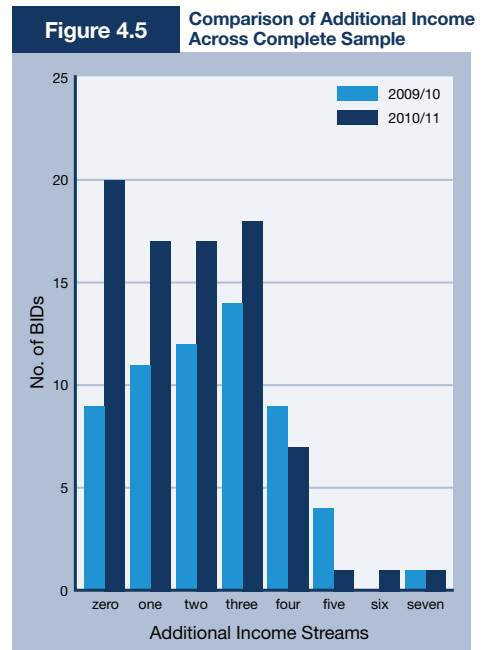


4.5 Source Diversification of Additional BID Income

In line with the reduction in the overall additional income generated, there has been a similar reduction in the diversification of income sources for individual BIDs. Figure 4.5 shows that in the complete City/Town Centre and Industrial BID sample there are a fewer number of BIDs achieving greater than 4 income streams compared to last year with 14 (23.3%) in 2009/10 and only 10 (12.2%) in 2010/11. Likewise, there is a higher percentage of BIDs who have failed to generate any additional income with 20 or 24.4% in 2010/11 compared to just a total of 9 or 15% in 2009/10. At the individual BID level the most diversified BID in terms of additional income was Lincoln BIG (7 sources), while Great Yarmouth secured 6 sources and Better Bankside 5 sources in the financial year 2010/11. It should be noted that although Bankside's figures show 5 different sources of funding, there are in fact an impressive 19 different individual income streams in total.

The danger in this contraction in income sources is the increased risk it places on BIDs in the event of any of these income sources drying up. BIDs will have to continue to manage their risk alongside the potential increase in administration costs for attracting additional revenue sources and will have to seek a balance between the two that suits the risk profile and income streams needed by any individual BID area. However, despite the slight fallback in terms of the number of additional revenue streams generated there is still some optimism given that there remains a healthy clustering of BIDs attracting one, two or three income streams and an improving economy should help see this position grow.

In order to determine if this contraction in the number of sources is directly related to the economy or the higher response rate, a further Figure (4.6) was created using only directly comparable data from 43 City/Town Centre BIDs for 2009/10 and 2010/11. Figure 4.6 clearly illustrates that a small contraction is evident within the 4, 5 and 6 source categories showing that some BIDs have reduced the number of income sources from 2009/10 to 2010/11, however this is not considered substantial enough to warrant undue concern.



4.6 Income Generation Multiplier Effect

The leverage ratio of additional income generated in relation to the BID levy income once again provides a clear indication of the overall performance of the individual BIDs and the additional value created for the BID area. This multiplier effect was present in 54 (81.8%) of the 66 City/Town Centre BIDs. Table 4.4 illustrates that the cumulative levy-to-income ratio for 2010/11 was 1:0.35, meaning that for every £1 of BID levy generated across the 54 BIDs a further £0.35 was generated in direct additional income, equating to a slight drop from the £0.40 generated in direct additional income for the previous 2009/10 financial year. This still demonstrates the positive multiplier effect of the BID model in leveraging in additional funding and thereby increasing the value to the BID area, with this year's drop attributable to the current economic instability.

Further examination of Table 4.4 shows the relative performance over the last 2 year period of the individual BID levy to income ratios. Of particular note is the contraction in the level of leverage ratio in 27 (49.1%) of BIDs with only 9 (16.4%) showing an improvement in Levy-Income ratio, a further 19 (34.5%) BIDs were new to the survey compared to last year and hence have no comparable ratio. However, it should be noted that in some cases the changes in the level of levy-income ratios is very small and as the overall average ratio reduced by only 0.05 this slight contraction is not viewed as cause for concern. Special mention is warranted for Lincoln who returned the highest ratio with an impressive £2.16 for every £1 of BID levy income, as well as Enterprising Bathgate generating an extra £1.08 and Kirkcaldy and Plymouth both generating £1.03. This is particularly impressive in the cases of Enterprising Bathgate and Kirkcaldy BID as both these BIDs are yet to reach their first renewal and yet they are outperforming a number of renewed BIDs. In the case of Enterprising Bathgate these match funds are coming from a combination of the Council and the Police.

Given that income generation varies significantly across the BID population, it is difficult to estimate the total income generated for the complete 112 BIDs. However, as an estimate of income performance it is possible to apply the mean value for the surveyed sample of both BID levy and BID additional income and multiply this across the complete 112 sample. Table 4.5 compares the figures for last year with the current 2010/11 survey showing a slight increase (11.9%) in the total estimated income generation at £73.4M compared to £65.6M last year. This table also shows the drop in Mean BID income of £70,399 (38.5%) and the corresponding rise in Mean BID levy income of £43,899 (9.53%) reflecting the changes in the rating list from the 2010 revaluation, changes in vacancy levels, greater efficiency in levy collection and the extension some BIDs have implemented in their BID boundary upon first renewal.



Table 4.4 City/Town Centre BID Income Generation Relative to BID Levy

BID Name	BID Start Date	BID Levy Income 2010/11 (£)	Additional Income 2010/11 (£)	R = (I/L) 2009/10*	R = (I/L) 2010/11
Alloa Town Centre BID	2008	£104,000	£70,000		0.67
Angel AIM	2007	£333,000	£58,500	0.96	0.18
Bath BID	2010	£628,000	£105,000		0.17
Bayswater BID	2010	£536,000	£30,000		0.06
Better Bankside	2005	£969,856	£211,000	0.42	0.22
BID Barnstaple	2010	£104,000	£24,000		0.23
Birmingham Broad Street BID	2005	£400,000	£40,000		0.10
Boston BID	2008	£144,000	£14,313	0.42	0.10
Brighton BID	2006	£170,000	£52,400	0.23	0.31
Bristol Broadmead BID	2008	£296,000	£0	0.24	0.00
Camden Town Unlimited	2006	£430,000	£96,000	3.29	0.22
Coventry City Centre BID	2005	£280,770	£271,324	0.92	0.97
Croydon BID	2007	£1,098,752	£119,000	0.57	0.11
Daventry BID	2008	£140,972	£87,739	0.21	0.62
Dorchester BID	2008	£110,000	£50,000		0.45
Dublin City Centre BID	2008	£2,400,000	£85,000		0.04
Dundalk BID	2009	£149,000	£85,000		0.57
Ealing Broadway BID	2006	£310,000	£95,000	0.32	0.31
Enterprising Bathgate	2008	£59,850	£64,690	1.11	1.08
Essential Edinburgh	2008	£870,000	£54,000	0.21	0.06
Falkirk BID	2008	£170,000	£159,020	0.92	0.94
Great Yarmouth BID	2006	£97,602	£85,000		0.87
HammersmithLondon	2006	£757,535	£58,500	0.30	0.08
Heart of London Business Alliance	2005	£667,000	£258,000	0.41	0.39
Hinckley BID	2009	£135,891	£5,500	0.31	0.04
Hull BID	2006	£465,000	£20,000	0.16	0.04
Ilford BID	2009	£437,655	£70,000		0.16
inmidtown	2005	£2,200,000	£100,000	0.05	0.05
inSwindon	2007	£373,268	£137,398	0.57	0.37
Inverness BID	2008	£220,000	£98,000		0.45
Ipswich Central BID	2007	£564,663	£206,155	0.19	0.37
Kings Heath Centre Partnership	2008	£120,000	£21,500		0.18
Kingston First	2005	£859,826	£123,600	0.21	0.14
Kirkcaldy BID	2010	£110,000	£113,000		1.03
Lincoln	2005	£350,000	£755,000		2.16
Liverpool City Central BID	2005	£641,820	£461,350		0.72
New West End Company	2005	£2,608,000	£1,409,674	0.79	0.54
Newcastle NE1 BID	2009	£1,600,000	£84,000	0.06	0.05
Oldham BID	2007	£155,115	£150,000		0.97
Paddington BID	2005	£533,000	£20,558	0.07	0.04
Plymouth BID	2005	£400,000	£411,000	1.21	1.03
Reading BID	2006	£345,065	£146,391	0.25	0.42
Retail Birmingham	2007	£521,996	£219,560		0.42
Royston First	2009	£177,000	£23,500	0.44	0.13
Rugby First	2005	£599,000	£226,500	0.40	0.38
Southside BID	2010	£350,000	£76,500		0.22
Stratford BID	2009	£322,202	£51,611	0.10	0.16
Swansea BID	2006	£480,000	£10,000		0.02
Torquay BID	2010	£238,812	£47,000	0.37	0.20
Totally Truro	2007	£248,632	£15,300	0.12	0.06
Victoria BID	2010	£1,287,484	£45,197	0.10	0.04
Waterloo Quarter BID	2006	£446,940	£74,362	0.10	0.17
Winchester BID	2008	£442,108	£52,460	0.18	0.12
Worcester BID	2010	£369,503	£39,250	0.14	0.11
Worthing BID	2008	£220,000	£40,000	0.12	0.18
Total	-	£29,049,371	£7,427,852	0.40	0.35

Renewed BIDs highlighted in blue Levy-Income Ratio of Greater than 1 *Calculated figures taken from the 2009/2010 report

Table 4.5 Comparison of Estimated Income Generation Potential across BID Population

	Mean BID Levy Income	Mean Additional BID Income	Total	Total No. of BIDs	Estimated BID Population Total
2009/10	£460,468	£182,942	£643,410	102	£65,627,820
2010/11	£504,367	£112,543	£616,910	112	£69,093,920

Table 4.6 Investment Attracted Beyond City/Town Centre BID Bank Account

	Total Investment 2010/11	No. of BIDs	Ave per BID
City Centre BIDs	£38,869,398	35	£1,110,554

4.7 Additional Investment Generated Beyond BID Area

Table 4.6 investigates the investment attracted to the area which does not directly go into the BID company bank account, with the significant amount of nearly £39million attracted to a total of 35 City/Town Centre BID areas in this past financial year. This works out at approximately £1.1M per BID, suggesting that BIDs are starting to actively consider their role in wider area regeneration as evidenced in the earlier changes to BID proposals upon renewal. However, while the BID model can act as the initial catalyst in helping to kick start the area improvements it should not form the only strand of any wider regeneration strategy of a City/Town in need of additional investment. Indeed, it is the centres of towns and cities that have suffered the most from urban decline and the impact of policy decisions such as out of town shopping etc. and hence they necessitate more investment to help overcome the urban problems faced.

Figure 4.7 clearly outlines the disparity between the investment potential of the City/Town Centre BIDs and their Industrial counterparts. However, the fact that despite an economic downturn the BID model or the influence of this model can help to lever investment of £39.5million, is testament to the success and confidence that the investor market has in this area-based vehicle. It is difficult to establish the counterfactual evidence by extracting exactly how much influence the BID itself has played in attracting this investment and whether this investment would have been achieved in the absence of the BID. Furthermore, while some BIDs are central to the investment attracted, such as the Heart of London Business Alliance, other BIDs play a less active role in influencing the investment proposals. In this regard it is possible to surmise that investment is currently being attracted to cities and towns that have BIDs in place and, therefore, in some instances this may assist in attracting investment to an area as it can help establish investor confidence.

Figure 4.7 Additional Investment Generated to Area 2010/11

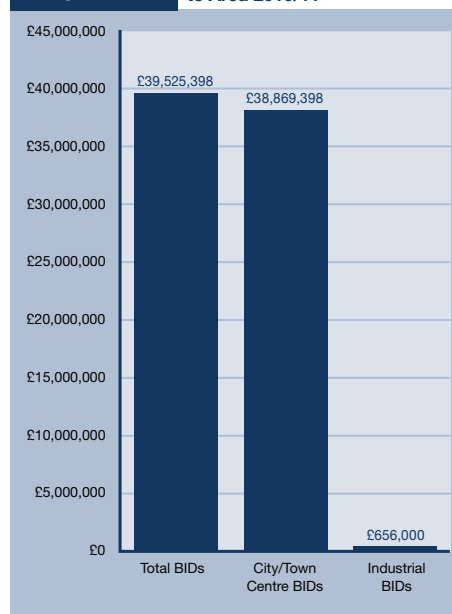


Table 4.7 Comparison of Highest Performing Renewed Versus Advanced 1st Term BIDs by Additional Investment

	BID Status	Income
Heart of London Business Alliance	Renewed	£20,930,000
Birmingham Broad Street	Renewed	£3,205,000
Waterloo Quarter	Renewed	£2,200,000
Alloa Town Centre	Advanced 1st Term	£2,603,000
Angel AIM	Advanced 1st Term	£2,551,000
Croydon	Advanced 1st Term	£523,000

4.8 Largest Producing BIDs by Investment Income

Consideration of the largest producing BIDs helps to provide an impression on the health of the overall investment income position. In this regard, Figure 4.8 shows the amount of investment attributed to these BIDs and it is clear that these BIDs alone accounted for a significant proportion (89.2%) of the total investment generated. Furthermore, the leading BID, Heart of London Business Alliance (£20.9 million) accounted for 53.8% of the total investment generated. This Heart of London Business Alliance BID investment is primarily to fund two public realm projects designed to redevelop Leicester Square and help ease traffic problems around Piccadilly Circus. These projects are the result of two years of partnership working with property owners and the City Council to secure a dedicated management plan for the area. All these major BID investments demonstrate how the momentum built by the BID model can help attract and co-ordinate further wider investment to an area. This message concerning the capacity of BIDs in facilitating/delivering wider regeneration benefits needs to be given greater emphasis within BID strategies.

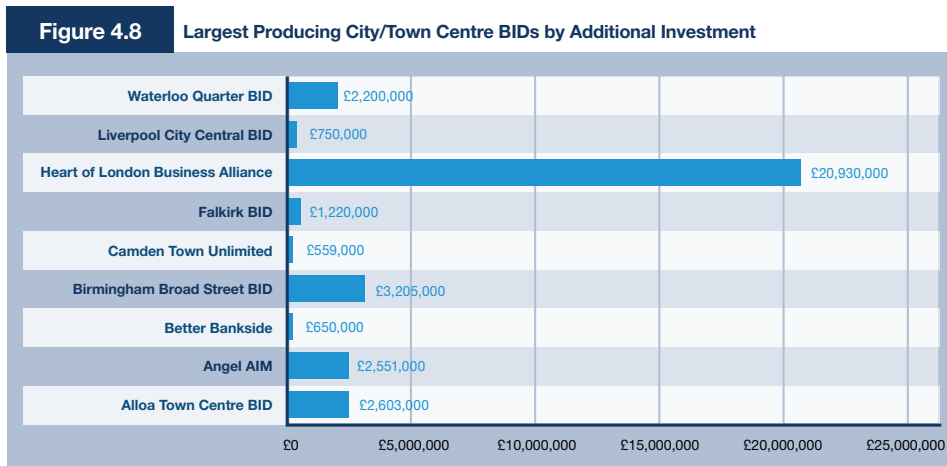
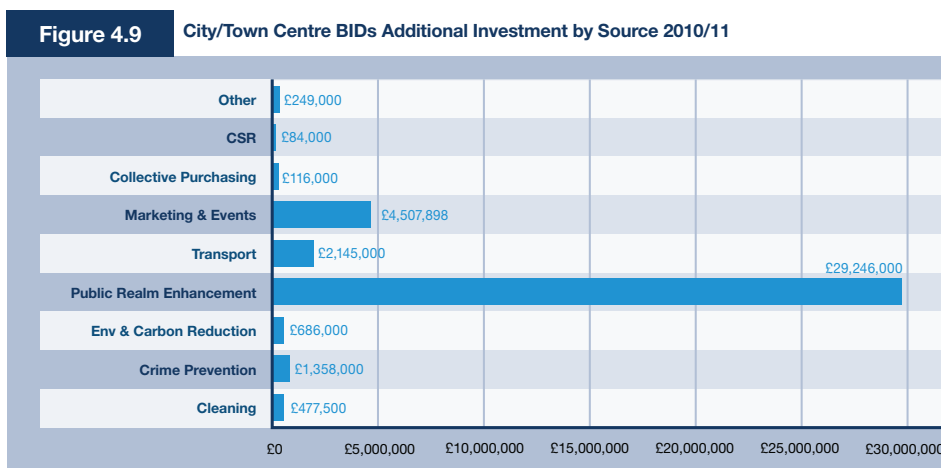


Table 4.7 shows the respective investment achieved by the highest producing advanced 1st term BIDs (i.e. those yet to reach renewal) and the Renewed BIDs. The advanced 1st term BIDs attracted investment of over £5.6M compared to over £26M for the renewed BIDs. However, aside from the large Heart of London BID a similar investment level has been achieved between both renewed and advanced 1st term BIDs. This demonstrates that the age of the BID proves less of a barrier to the attraction of additional investment and, as with any investment opportunity, it is more about the investment clarity and its perceived benefits, be that by way of financial return or community benefits, that determines the strength of the proposal. So while the earlier results suggested that in terms of income generation renewed BIDs had the edge, it appears that in the investment stakes the age of the BID plays less of a role in attracting investment. This should in itself act as a boost to any BID area in its infancy and points to significant benefits to be had if the right investment proposals are put forward by the BID management team.

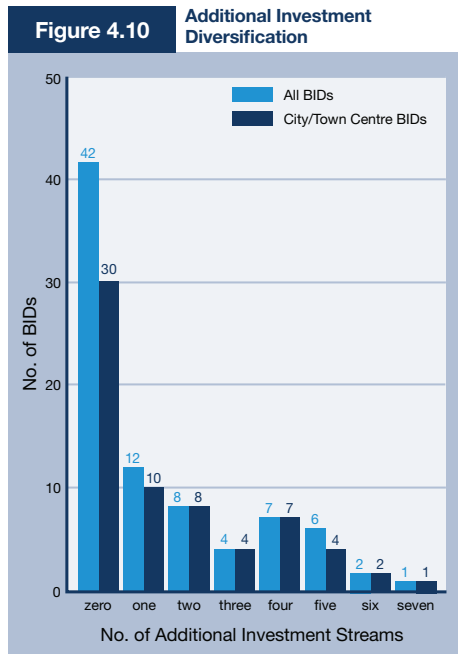


4.9 Additional Investment Project Types

Figure 4.9 outlines the key investment project types that are emerging from BID respondents in the 2010/11 survey. The £20.9 million public realm investment facilitated by the Heart of London Business Alliance significantly skews the graph in Figure 4.9 given the high infrastructure and building costs associated with this sort of project, dwarfing the investment funding achieved by all other BIDs. What this does show however, is that projects which are linked to either public realm or wider area redevelopment are central to the additionality ethos of the BID model and therefore the BID itself can form more of a catalytic role in helping to lever investment for these types of project. There are other areas also worthy of note including the £4.5 million (11.6%) dedicated to Marketing and Events, the £2.1 million (5.5%) dedicated to Transport and the £1.3 million (3.5%) dedicated to Crime Prevention. Additional areas, such as Corporate Social Responsibility (CSR), Collective Purchasing and Environmental and Carbon Reduction, despite various policy initiatives relating to sustainability, carbon abatement and efficient procurement are at present not attracting significant investment. However, this position is likely to change in the near future with evidence of direct delivery being undertaken by individual BIDs and more explicit reference to these areas in the renewal proposals of many BIDs, suggesting that the BID model can help to drive forward the delivery of these initiatives at a local level without the need for additional investment.

On an individual BID basis some of the highest investment was attracted for Public Realm projects with Heart of London Business Alliance leading the way with £20.5M, followed by

Waterloo with £2.2M and Falkirk with £1.2M. In the case of Waterloo, this figure is slightly misleading as it relates to a total project figure rather than an annualised one but nevertheless is a significant pool of s106 funds that has been brought together into a single pot for delivery as a result of strong partnership working. Falkirk's example includes £1M from the Scottish Government's Town Centres Regeneration Fund, which the BID partnered Falkirk Council on. The BID was a lead partner on this bid and indeed the two key projects were delivered right in the heart of the BID area. Big investment was attracted for Transport projects by Angel AIM (£1.8M), inmidtown (£165k) and Birmingham Broad Street (£100k). For Angel, the transport funds were to improve pedestrian and traffic flow and the BID had taken on a pivotal role in assessing what needed to be done and how it would be managed. Further strong performance on Environmental and Carbon Reduction investment projects included the £220k generated by inmidtown, £200k by Heart of London Business Alliance and £150k by Better Bankside. Likewise, notable Marketing and Events investments were recorded by Birmingham Broad Street (£3M), Liverpool City Central (£350k) and New West End Company (£200k). Crime Prevention showed strong investment by Camden Town Unlimited (£400k), Croydon (£247k) and Angel AIM (£200k), whereas CSR investment remained modest but led by inmidtown (£50k), Angel AIM (£15k) and Paddington (£10k). In the cases of both Camden and Angel, their respective £400k and £200k figures relate to policing, in the former from the Borough Council towards PCSOs and in the latter from the Borough Council and the Police towards additional police officers.



4.10 Diversification of Investment Streams

The number of different investment streams which BID areas were benefiting from varied quite significantly with 30 of the 66 BID areas or 45.5% of the sample currently not attracting any wider regeneration investment. In contrast to this, Figure 4.10 shows that 14 or 21.2% have managed to source investment from 4 or more investment streams. This clearly shows a number of BID areas have been successful in identifying possible wider regeneration potential for their area. However, as mentioned previously it is somewhat difficult to extract the impact that the BID itself had in attracting this investment and whether such investment would have been forthcoming regardless of the BID presence. Furthermore the large percentage of BIDs yet to avail themselves of wider regeneration investment shows that more awareness and publicity is needed of the BID potential as a wider regeneration vehicle to ensure that it is implemented to its maximum economic advantage.

4.11 Investment Generation Multiplier Effect

The investment multiplier, in the same way as the income multiplier calculated earlier in this chapter, can be used to help illustrate the amount of additional regeneration investment that has been generated to a BID area. This investment does not directly benefit the BID financially but the knock-on impact for the BID area or city in general is likely to be significant. For consistency purposes in future reports it is intended that the financial investment recorded shall either represent the complete investment spread over x number years (if this information has been provided) or a one-off lump sum which will appear in the BID report in the reporting year only. It should also be noted that unlike the income multiplier discussed in Section 4.6 the additional investment multiplier refers to indirect investment attracted beyond the BID bank account. The ratio of the combined BID Levy and Additional Income to the Additional Investment helps us determine for every £1 of combined BID income how much the wider BID area is benefiting in terms of indirect investment revenue.

Table 4.8 clearly shows that the total Combined Income (£36,477,223) and the total Additional Investment (£38,869,398) provides us with a cumulative combined income-additional investment ratio for 2010/11 of 1:1.07, meaning that for every £1 of BID income generated across the 35 BIDs, that we have indirect investment and direct income information for, a further £1.07 was levered in additional indirect investment. Further examination of Table 4.8 shows that the highest income-investment ratios were evident amongst a variety of both renewed and advanced 1st term BIDs with the Heart of London Business Alliance ratio of 1:22.62 leading the way. This ratio illustrates that for every £1 of BID income Heart of London managed to lever a further £22.62 in additional investment demonstrating very impressive leverage ratio of private sector investment over and above the BID generated income. A similar high ratio was returned by Alloa Town Centre BID (1:14.96) which was all the more significant given that Alloa has yet to reach 1st renewal stage. Of those renewed BIDs, Birmingham Broad Street (1:7.28) and Waterloo Quarter BID (1:4.22) see an upsurge in indirect investment return after lower performance in the BID levy-income ratios in Table 4.4. In total 9 of the 35 BIDs (25.7%) displayed ratios over 1:1 while a further 5 of the 35 (14.3%) leverage 1:0.5 or better showing they were contributing the generation of at least half of their combined BID income in further indirect regeneration investment for the area.

Table 4.8 City/Town Centre BID Additional Investment Multiplier

BID Name	BID Levy Income (L)	Additional Income (I)	Combined Income (C)	Additional Investment (in)	R = (In/C) 2010/11
Alloa Town Centre BID	£104,000	£70,000	£174,000	£2,603,000	14.96
Angel AIM	£333,000	£58,500	£391,500	£2,551,000	6.52
Bath BID	£628,000	£105,000	£733,000	£15,000	0.02
Bayswater BID	£536,000	£30,000	£566,000	£45,000	0.08
Better Bankside	£969,856	£211,000	£1,180,856	£650,000	0.55
Birmingham Broad Street BID	£400,000	£40,000	£440,000	£3,205,000	7.28
Birmingham Southside BID	£350,000	£76,500	£426,500	£76,500	0.18
Bristol Broadmead BID	£296,000	£0	£296,000	£80,000	0.27
Camden Town Unlimited	£430,000	£96,000	£526,000	£559,000	1.06
Colmore Business District	£695,000	£0	£695,000	£500,000	0.72
Croydon BID	£1,098,752	£119,000	£1,217,752	£523,000	0.43
Daventry BID	£140,972	£87,739	£228,711	£13,000	0.06
Dundalk BID	£149,000	£85,000	£234,000	£100,000	0.43
Essential Edinburgh	£870,000	£54,000	£924,000	£4,000	0.004
Falkirk BID	£170,000	£159,020	£329,020	£1,220,000	3.71
Great Yarmouth BID	£97,602	£85,000	£182,602	£237,500	1.30
HammersmithLondon	£757,535	£58,500	£816,035	£118,000	0.14
Heart of London Business Alliance	£667,000	£258,000	£925,000	£20,930,000	22.62
inmidtown	£2,200,000	£100,000	£2,300,000	£540,000	0.23
inSwindon	£373,268	£137,398	£510,666	£74,398	0.15
Kings Heath Centre Partnership	£120,000	£21,500	£141,500	£500,000	3.53
Liverpool City Central BID	£641,820	£461,350	£1,103,170	£750,000	0.68
New West End Company	£2,608,000	£1,409,674	£4,017,674	£205,000	0.05
Oldham BID	£155,115	£150,000	£305,115	£150,000	0.49
Paddington BID	£533,000	£20,558	£553,558	£109,000	0.20
Plymouth BID	£400,000	£411,000	£811,000	£111,000	0.14
Royston First	£177,000	£23,500	£200,500	£67,000	0.33
Rugby First	£599,000	£226,500	£825,500	£21,500	0.03
Stratford BID	£322,202	£51,611	£373,813	£140,000	0.37
Torquay BID	£238,812	£47,000	£285,812	£252,500	0.88
Totally Truro	£248,632	£15,300	£263,932	£52,000	0.20
Victoria BID	£1,287,484	£45,197	£1,332,681	£5,000	0.004
Waterloo Quarter BID	£446,940	£74,362	£521,302	£2,200,000	4.22
Winchester BID	£442,108	£52,460	£516,470	£78,000	0.15
Worthing BID	£220,000	£40,000	£260,000	£184,000	0.71
Total	£29,049,371	£7,427,852	£36,477,223	£38,869,398	1.07

Renewed BIDS highlighted in blue ■ Levy-Income Ratio of Greater than 1

4.12 Recessionary Impact on Public Services

To analyse the impact that the recession has had on the provision of Council Services and hence where the BIDs may come under pressure to deliver more, it was necessary to investigate how many Council Services were reduced or terminated in the last financial year. Figure 4.11 illustrates that a total of 21 (31.8%) City/Town Centre BIDs experienced some form of negative impact from the reduction/termination of public services. This is in keeping with the ongoing efficiency drive at local government level with more services being handed over to the BID team with an accompanying budget.

In terms of the spread of public services that have been reduced/terminated the overwhelming majority fell into the street cleansing area, in particular cut-backs in the frequency of cleaning services. Further reductions/terminations were experienced in areas such as park services and street planting as well as crime and safety with both policing provision and CCTV monitoring affected. To a lesser extent there were also some reductions/terminations in city marketing as well as park and ride facilities and city centre management. To some degree the street cleansing reduction and crime prevention are areas that some BIDs have already assumed responsibility for (Figure 4.12), however if local authorities continue the cost efficiency drive it is likely in the future that most BIDs will be forced into examining these issues more closely and will have to put in place their own arrangements in these areas. Care will need to be taken with any services taken on by BIDs to ensure no displacement occurs and that additionality is maintained across any services assumed from the local authorities through cost savings or efficiency gains.

In total, as shown by Figure 4.12, there were 34 services taken on by individual BIDs in 2010/11 compared to just 17 services in 2009/10, representing a doubling of services taken on by BIDs in the past year. Furthermore, in terms of the individual Council Services directly taken on by the City/Town Centre BIDs, in keeping with last year the most frequently transferred service remains Marketing and Events with 11 BIDs or 32.4% of the total services transferred. A further 7 (20.5%) Crime Prevention Services and 4 (11.8%) Cleaning Services have been delivered. It is anticipated that next year the amount of services taken on by the BIDs may continue to rise because of the squeeze on local government finances, the increasing confidence of some BIDs at delivering service provision and the further effects of the decentralisation agenda.

In addition to the public services taken on by BIDs, there continues to be a strong involvement in Tourism related activities. Figure 4.13 outlines that 14 (17.1%) of the total 82 BIDs were involved in the Direct Provision of tourism activities, 28 (34.1%) were involved in Partnership Provision (28) while 17 (20.7%) were involved as a Policy Influencer. As one might expect only 4 Industrial BIDs indicated any involvement in tourism activity and these all fell under the policy influencer role. Figure 4.13 also shows how the direct provision of tourism related activities has suffered slightly in the current recession with a drop of 3 BIDs. Partnership Provision has increased by a total of 4 BIDs whereas the opportunity for BIDs to Influence Tourism Policy has remained static at 17 BIDs. This demonstrates that while tourism remains an important role for a number of BIDs it has failed to increase during the current economic downturn as revenue continues to be directed at more essential services such as crime prevention and cleaning.

There has been increasing interest over recent months in the potential for TBIDs (Tourism BIDs that span a much wider tourism landscape than the traditional BID model). Early investigations appear to be taking place but it is too soon to judge the real scope and potential acceptability of this concept.

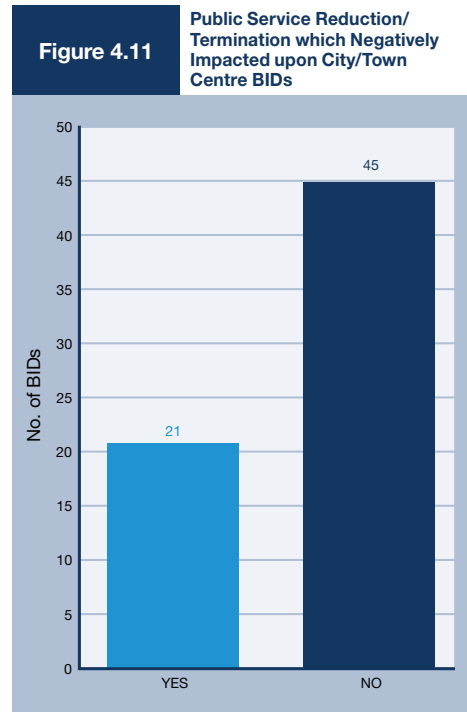


Figure 4.12 City/Town Centre BIDs Additional Investment by Source 2010/11

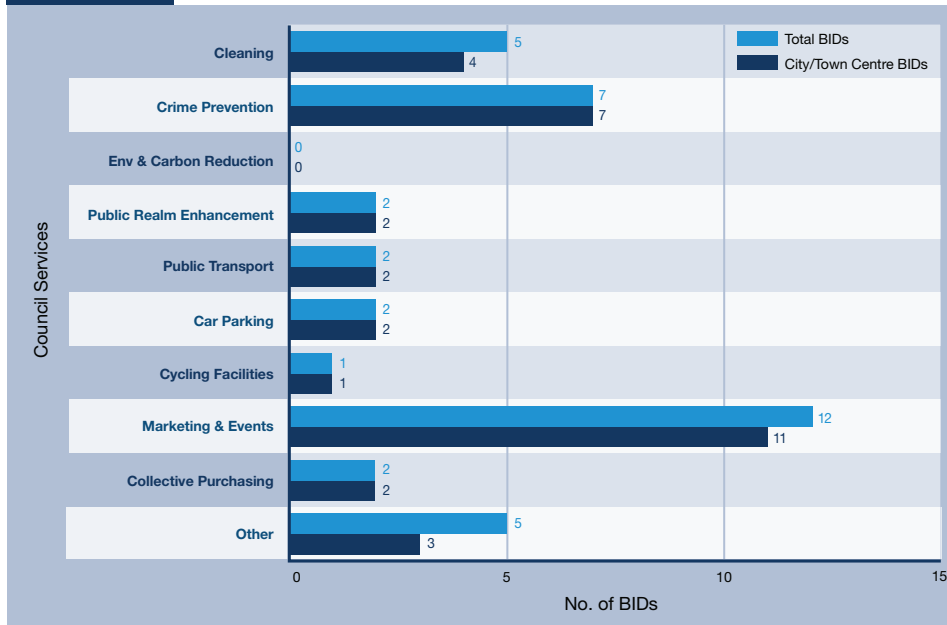


Figure 4.13 Role of BIDs in Tourism Related Activities

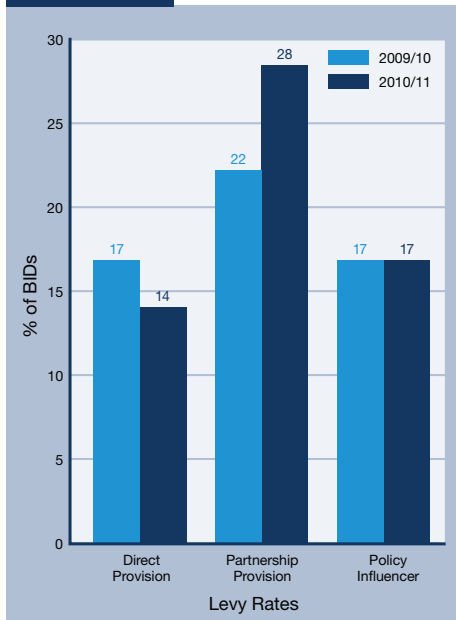
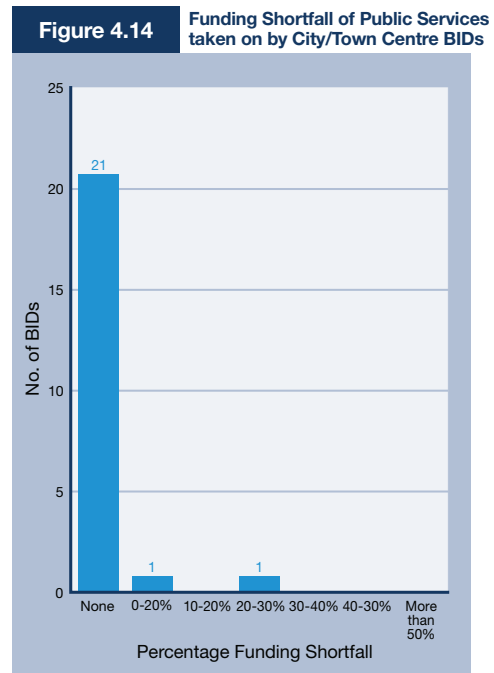
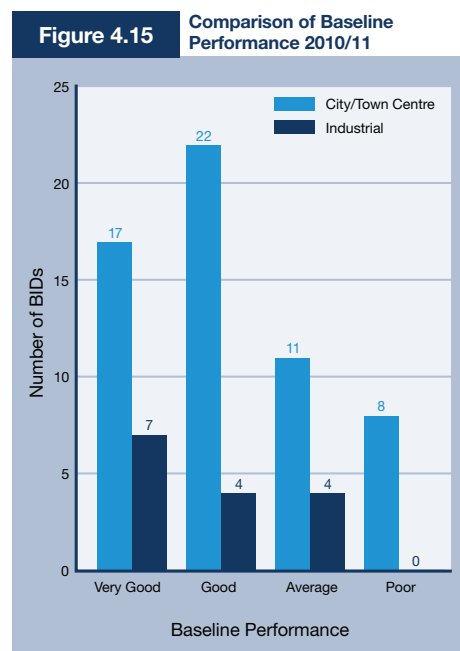


Figure 4.14 clearly shows that in the majority of cases the public services taken on by the BIDs were able to be accounted for through the funds directly transferred from the local authority with only 2 BIDs or 8.7% of the 23 City/Town Centre BIDs who had taken on Council Services indicating a shortfall. One BID indicated a small shortfall of 0-10% (Liverpool City Central) while a further shortfall of 20-30% was recorded by Kingston. In the case of Kingston, a collaborative approach to better understanding the service areas and budget requirements has been undertaken and should improve the budget position for the second year. These shortfalls experienced are a concern given that the funds transferred to the BID from the local authority should cover the service provision and where possible through cost saving and efficiency gains enable the BID to potentially generate a profit from the activities. The presence of a deficit thereby points to the need for further investigation by the BID manager and liaison with the local authorities on the service fund transfer amounts.



4.13 Baseline Agreement Performance

Figure 4.15 shows the performance of the baseline agreement in place with the Local Authority for both City/Town Centre and Industrial BIDs. While the performance appears varied across both BID types there is a clustering in the very good and good performance categories suggesting that both BID types in the main are satisfied with their baseline agreement performance. A total of 17 or 29.3% of City/Town Centre BIDs profess that their baseline agreement performance is 'very good' while a further 22 BIDs or 37.9% indicate performance was 'good'. At the other end of the scale only 11 or 19% of City/Town Centre BIDs indicated the performance was 'average' while a further 8 BIDs or 14% put performance in the 'poor' category. In terms of Industrial BIDs performance levels were slightly higher with 7 BIDs or 46.7% stating performance was 'very good', 4 BIDs or 26.7% said performance was 'good' and 4 BIDs or 26.7% stated performance was 'average'. Figure 4.15 illustrates that despite both BID types being broadly satisfied with their baseline agreement performance there is still some room for improvement with 33% of City/Town Centre BIDs and a corresponding 27% of Industrial BIDs looking for improvement from 'average' and 'poor' performance levels. Given that these baseline agreements are set up at the start of a BID it is essential that performance is regularly monitored, ideally annually, and any necessary improvements put in place to ensure that those BIDs indicating poor performance can eliminate any such performance difficulties. Further analysis is needed over a longer timeframe to determine if any trends are emerging relating to BID maturity and the performance expectations of the baseline agreement.



4.14 Key Findings

- 55 out of 66 City/Town Centre BIDs and 8 out of 16 Industrial BIDs attracted an additional income over and above the BID levy totalling £7.9m for the financial year 2010/11. City/Town Centre BIDs accounted for £7.4m a 16.6% decrease from 2009/10, while Industrial BIDs demonstrated greater resilience to the economic downturn returning £483k or a 14.4% increase from last year. However, it should be noted that the true impact of these differences is all the more significant given the increased number of BIDs responding to the 2010/11 survey potentially making the income levels more cause for concern than at first impression.
- 12 out of 66 (18.2%) City/Town Centre BIDs and 8 out of 16 (50%) Industrial BIDs failed to attract additional income for 2010/11. This totalled 24.4% of the sample compared to just 15% of last year's sample. Furthermore only 8 BIDs showed an increase in additional income compared to last year. This shows that sourcing additional income is becoming more difficult with further contraction possible in the future.
- At an individual BID level the highest income generating BIDs were, the New West End Company (£1.4M), Lincoln BIG (£755k), Liverpool City Central (£461k), Plymouth (£411k) and Coventry (£271k). These BIDs accounted for 44.5% of the total additional BID income compared to 50% last year. Furthermore, 8 of the 10 highest additional income generators were renewed BIDs demonstrating that income generation potential increases with BID maturity.
- Local Government (£2.3M) and Property Owners (circa £1.8M) were the two main sources of additional income generation across the City/Town Centre BIDs accounting for a combined 55.2% of all income receivable over and above the BID levy.
- Ratio analysis of additional income relative to the BID levy income across City/Town Centre BIDs (54 BIDs) equated to 1:0.35, meaning that for every £1 of BID levy a further 35 pence was generated in direct additional income, a slight drop from the 1:0.39 achieved last year. This shows that despite the recession the BIDs model is creating a positive multiplier effect and increasing the value of BID areas.
- A total of 4 BIDs (7% of the sample) generated additional income in excess of their respective levies while a further 9 BIDs (34.5% of the sample) showed an improvement in their BID income ratio from last year. At an individual level the top ratio was achieved by Lincoln (1:2.16).
- It is estimated that the current BID population (112 BIDs) has the capacity to generate income of circa £69.1M compared to £65.5M last year (102 BIDs) based on a cumulative mean levy/ additional income across the sample population.
- City/Town Centre BIDs have helped to attract circa £38.8M in additional investment in the financial year 2010/11 across a total of 35 BIDs. Heart of London Business Alliance (£20.9M) accounted for over half (53.8%) of this investment generation.
- There was still considerable disparity between the investment levels of renewed and advanced 1st term BIDs with the advanced 1st term BIDs of Alloa, Angel AIM and Croydon generating £5.6M of investment compared to £26M for the renewed BIDs of Heart of London Business Alliance, Birmingham Broad Street and Waterloo Quarter. However, in the absence of the Heart of London investment there was much less of a gap between the two, suggesting BID age proves less of a barrier for investment generation than income generation.
- The significant investment project facilitated by Heart of London Business Alliance (public realm) is closely aligned to the BID ethos and therefore the BID played a key catalytic role in leveraging private sector confidence and investment.
- Some key investment areas are still evolving in investment terms because they are being directly delivered by the BIDs model in particular CSR, Collective Purchasing and Environmental and Carbon Reduction. This confirms the potential for BIDs to respond to the decentralisation agenda and to drive key policy areas forward.
- A combined income-investment ratio for 2010/11 across a total of 35 BIDs of 1:1.07 was returned; meaning that for every £1 of BID income generated a further £1.07 was levered in additional indirect investment.
- A total of 9 (25.7%) of the 35 BIDs demonstrated investment leverage of greater than 1:1, with the Heart of London BID leading the way with an impressive income-investment ratio of 1:22.62.
- 21 out of 66 City/Town Centre BIDs experienced a negative impact from reduction/termination of public services with cleansing services, park services and policing experiencing the greatest change.
- A total of 34 services were taken on by individual BIDs compared to 17 services in 2009/10. It is anticipated that this will increase further in the future in response to the decentralisation agenda, the squeeze on local government finances and increasing BID confidence in service delivery.

In order to respond to the principle of additionality it is essential that BIDs continue to demonstrate ways in which they are being innovative and novel in the delivery of their projects and services. The harnessing of this innovation and learning from best practice is even more important given the current economic downturn and the still somewhat unknown impact of the new Localism Bill. In this regard this section considers the response by BIDs to delivering different types of innovative projects as well as the actions taken by BIDs to commercialise supplies and services through cost savings and measures to address recessionary pressures.

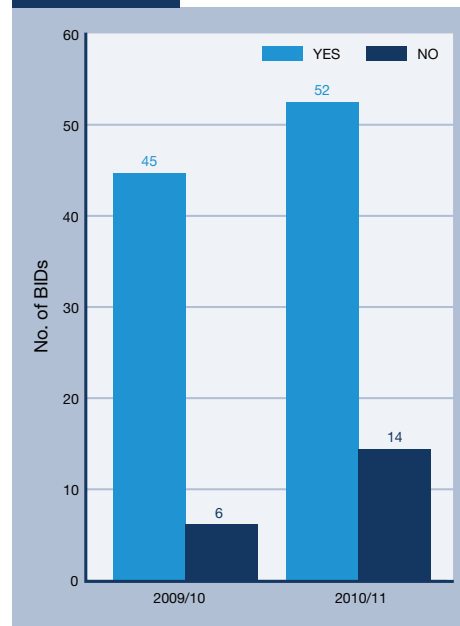
5.1 Project Innovation and Delivery

The Nationwide BID survey 2010/11 results demonstrate that overall the majority of BIDs have adopted new programmes of innovation and modes of delivery within the past year, with 79% of respondents confirming that they had introduced innovative initiatives into their management structure in 2010/11. However, as evidenced in Figure 5.1, the percentage of respondents delivering innovative projects has dropped from a high of 86% in the 2009/10 survey, illustrating that the recession continues to have an impact on the delivery of innovation with many BIDs facing the economic reality of reduced incomes. Last year's report covering the year 2009/10 highlighted that BIDs must take the lead in promoting and implementing key aspects of the new vision for Town Centres, in particular the raising of additional finance to address local problems. This challenge is put into even more focus this year with the introduction of the new Localism Bill and the greater power which will be decentralised to local areas. However, as Figure 5.1 shows, continued rising costs, falling sales, squeezed margins and the loss of retail profits have still affected the ability of all BIDs to implement innovation within BID service delivery.

Figure 5.2 identifies the key innovation areas which the 66 City/Town Centre BIDs are adopting with the income streams of these BIDs being spread across the full range of innovative activities. Marketing and Events (59.1%) and Crime Prevention (56.1%) remain the most popular project types building upon their solid performance last year. Marketing and Events has again been viewed for its potential to help increase pedestrian footfall and support tourism related activities, both of which can help retail sales. Similarly, a reduction in crime within a BID area can also have a catalytic impact in terms of enticing pedestrian foot flow and enhancing buying potential. Four project innovation areas are clustered together with similar implementation rates, notably Public Realm Enhancement (36.4%), Transport (31.8%), Environmental and Carbon Reduction (33.3%) and Cleaning (33.3%). All these project types are increasing in popularity year on year and will continue to do so as a result of the visual improvements that they can bring to a BID area.

Collective purchasing (25.8%) has built upon last year's 22%, showing that this area is becoming increasingly important especially given continued cost saving efficiencies as more BIDs see the potential to save money and benefit from their collaborative working arrangements. CSR remains in its infancy commanding just 18.2% of the participating BIDs, but this is likely to grow in the future as new BID areas start to recognise the CSR overlaps with some of their current activities and thereby begin to show that they are already engaged in this area. It is evident that City/Town Centre BIDs are not targeting just one single innovation theme, but rather are looking to a diverse range of projects as the best way to spend their income streams. This

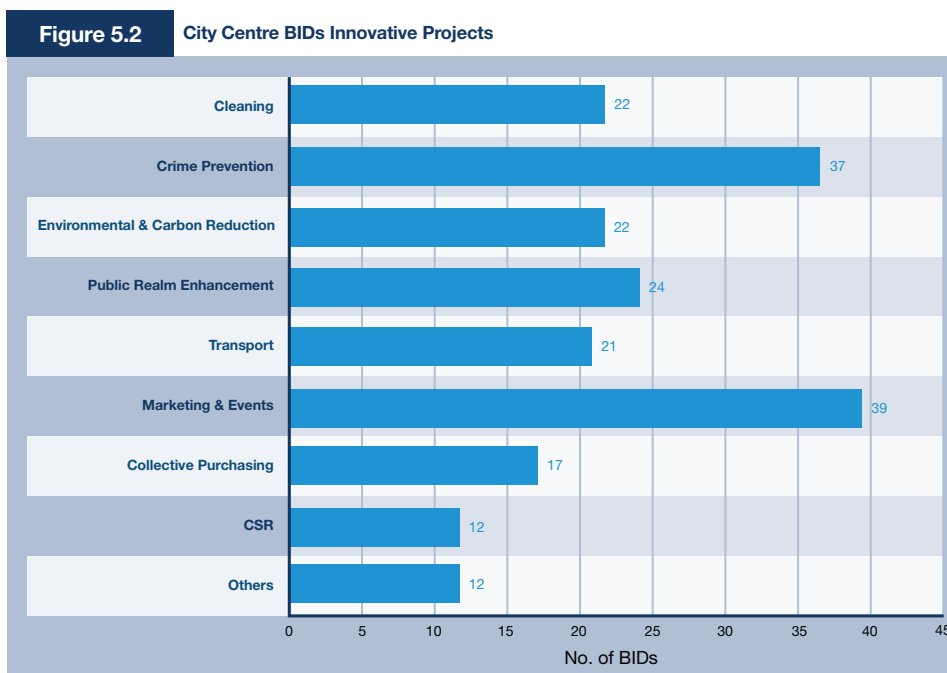
Figure 5.1 Number of City/Town Centre BIDs Delivering Innovative Projects



strategy should see positive impacts across a range of issues rather than just presenting solutions to one problem area.

In terms of the individual innovation projects that have been implemented at City/Town Centre BID level it is possible to see some recurring themes emerge. For example in the cleaning innovation area there have been a number of BIDs attempting to combat the problem of chewing gum with Coventry, Croydon, Falkirk, Hammersmith/London, Worthing and Dorchester all implementing some form of chewing gum campaign, the latter of which have also sought involvement of local children. Some BIDs (in Swindon, Liverpool City Central, Oldham and Plymouth) have also employed additional road cleaners, caretakers or barrow walkers to deal with excessive littering. Meanwhile, some BIDs have implemented various initiatives to kick start their cleaning campaigns with Coventry implementing a Spring Clean Initiative, Kingston First implementing a Tidy Business Scheme and Nottingham Leisure BID implementing a Pride of Place Community Cleaning Project.

Crime prevention projects have been put into stark focus given the recent civil unrest which occurred in a number of major UK cities. A number of schemes that have been implemented by BIDs have helped to lessen the impact of this unrest and help the Police to reprehend the culprits. Some of the common crime prevention projects occurring across a number of BIDs include schemes such as pubwatch, shopwatch, taxi marshals and the widespread use of digital radio links for wardens or street pastors on patrol. Some other innovative projects that have been instigated by specific BIDs includes Daventry and Kingston First helping their urban areas to gain accreditation to purple flag status to illustrate excellence in town centre management at



night; Falkirk and Heart of London Business Alliance have deployed street ambassadors to act as a visible street presence from early morning to late at night; Croydon has established a ‘talkeoke’ youth engagement outreach enabling young people to talk to the police and raise concerns that they have in their area; HammersmithLondon piloted an ATM safe zone project with artwork delineating the personal space of customers to help reduce theft; Victoria BID has conducted a crime and design audit while Heart of London Business Alliance drafted a night time economy strategy to put policy measures in place to reduce crime.

Environmental and carbon reduction projects have tended to focus around waste management and in particular the recycling of paper and cardboard via either a free service or a heavily subsidised service. Some BIDs have conducted more in-depth audits such as the carbon audit conducted by Camden Town Unlimited or the green infrastructure audit carried out by Victoria to identify potential buildings suitable for green roofs. Kings Heath Centre Partnership instigated a 9 Carrots programme which offers the ‘carrot’ of free promotion and additional customers in return for businesses making energy-efficiency improvements. Inmidtown (Holborn) signed up to a ‘zero to landfill’ initiative while Waterloo Quarter piloted a food waste collection project. This area is slowly starting to grow and move to projects beyond waste management, with further expansion anticipated to respond to the Government’s climate change policy agenda.

A number of the public realm enhancements have focused on improving signage, street furniture and introducing more planting with a number of BIDs strengthening these areas.

Some BIDs have also carried out strategic projects such as Daventry who conducted a way-finding appraisal of their city centre or Waterloo Quarter who participated in a Prince’s Foundation for the Built Environment spatial study of the Waterloo area; both projects were then used to define in-house policy. Other projects included Worcester working closely with the Probation Trust Community Payback scheme to get street furniture painted and rubbish removed; Plymouth creating a jigsaw garden for young people; Heart of London Business Alliance undertaking two major infrastructure projects at Leicester Square and Piccadilly Circus; Croydon conducting a vacant unit initiative to attempt to encourage uptake of vacant units through introducing new vinyl floor coverings; and Better Bankside introducing a new Urban Forest.

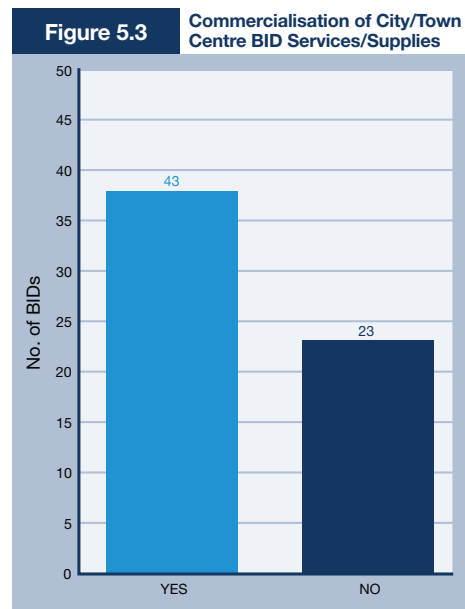
In terms of Transport the most common project types have focused on introducing funded or free bus services or bus passes, free/discounted car-parking and secured bicycle parking. Other interesting projects have included Ealing and Team London Bridge pioneering bike doctors to carry out health checks on cycling equipment; Colmore Business District co-ordinating a partnership with other local authorities and the transport provider to deliver sustainable travel options and information; Kings Heath Centre Partnership conducting a survey on car-parking space provision for shoppers and visitors; and Retail Birmingham have come together with the local council and other Birmingham based BIDs to develop a ‘Vision for Movement’ strategy focusing on establishing better connectivity, walkability and efficiency of movement in the Greater Birmingham area and its main gateways.

Marketing and Events continued to be one of the most significant innovation areas with numerous BIDs focusing on implementing festivals and markets, developing voucher and discount schemes, and local area promotions/branding. Some BIDs including Colmore Business District, Kingston First and Totally Truro have placed an emphasis on art in the city or public exhibitions, while Essential Edinburgh and inSwindon helped facilitate some outdoor cinema or Big Screen events. A number of BIDs have focused on fun events for kids with Pancake Day events, Guinness world records, light events, Easter Bunny hops and chocolate weekends all developed to help attract families into BID areas to help boost retail trade.

Innovative projects relating to Collective Purchasing are on the increase with a number of BIDs now looking at joint procurement initiatives including Bayswater, Camden Town Unlimited, Coventry, Ealing, Falkirk, Ilford and Kings Heath Centre Partnership. A number of these joint procurement initiatives focused on more than one area including recycling, telecoms, pest control, insurance, utilities, and cleaning. Some specific projects have included Dorchester negotiating discounts for bulk advertising with local press; Beeston setting up their own buying group within the BID area; Totally Truro developing test cases with a low carbon organisation to help procure cheaper and greener electricity; and Better Bankside piloting two projects in relation to a bicycle freight delivery service for local businesses and a carbon neutral taxi service offering cheaper rates.

Increasingly, BIDs are recognising their role at the heart of communities in providing that point of engagement as evident through the recent civil unrest in London. This manifested itself in the form of a 'Community High Street' where the BIDs were central to the local community efforts to defend local businesses against rioters and looters. Furthermore, there is evidence that the fledgling CSR innovation area is starting to take root with a few notable projects being initiated including the EmploySE1 initiative launched by Better Bankside, Team London Bridge and Waterloo together with Southwark Council to help their member businesses recruit unemployed Southwark residents; Paddington BID getting local hotels to donate lost property and unused toiletries to local homeless charities; Angel BID engaging with the hospitality sector to teach young disabled children to cook; Victoria BID implementing a 'Seeing is Believing' volunteer project to help local charities; and Waterloo Quarter establishing a packed lunch project to help improve mental health in the workplace through lunchtime activities.

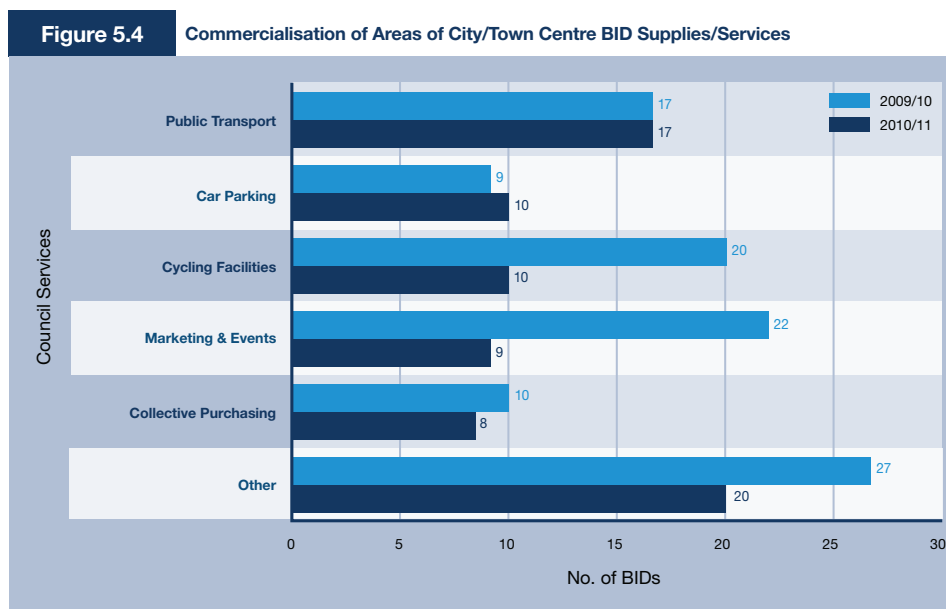
Other innovative projects highlighted in the 2010/11 survey have included Beeston introducing retail training linked to the Mary Portas guide to successful retailing; Camden Town Unlimited offering support for business start-ups; Dorchester providing subsidized training on social media tools for business; inmidtown setting up an urban bee keeping initiative; and a number of BIDs, including Hinckley, Kings Heath Centre Partnership and Stratford, looking towards loyalty schemes and discount vouchers.



5.2 Commercialisation of BID Supplies and Services

Commercialisation of BID supplies and services is still an essential goal of BIDs to demonstrate cost savings to levy payers and move BID operations towards making the levy cost-neutral. Figure 5.3 suggests a mixed response with 43 of the 66 City/Town Centre BIDs (65.2%) indicating that they had taken action to reduce costs to levy payers through commercialisation, representing an increase from last year's figure of 26 BIDs or 52%. However, there remain 23 BIDs or 34.8% of respondents that have not yet adopted significant steps towards making levy costs neutral compared to 48% last year. This shows that while some additional commercialisation of services and supplies has occurred this year there is a need for continued action to help move the remaining BIDs towards cost neutral operations and thereby gain further cost efficiency benefits to BID levy payers.

Figure 5.4 outlines the commercialisation areas that City/Town Centre BIDs have focused on with a total of 105 projects implemented this year compared to 74 last year. Waste management and recycling (27 BIDs or 40.9%) again led the way in terms of commercialised BID projects, followed closely by Energy costs (22 BIDs or 33.3%) and Marketing (20 BIDs or 30.3%). This corresponds with the innovation projects highlighted earlier in this chapter and shows that waste management, energy and marketing remain the quick win services which can be commercialised and made more cost efficient. Office Overheads (10 BIDs or 15.2%) and Insurance (9 BIDs or 13.6%) are beginning to be investigated but both remain in their infancy, although insurance in particular has had a number of BIDs expressing an interest in this area and therefore it is anticipated that projects of this type will grow significantly in the future. The Other actions (17 BIDs or 25.7%) have remained static from last year.



Some of the notable commercialisation activities mentioned by individual BIDs included the shared marketing of festivals with partners (Croydon); commercialisation of telephone/broadband services, vehicles, radio services, fuel cards, tax and accountancy (Coventry BID); joint promotional and advertising, customer service mystery shopper programmes and town gift cards (Dundalk BID); an updateable web page for BID payers (Great Yarmouth BID); and Torquay BID negotiating discounts on behalf of levy payers for energy providers, Christmas lights/installation, web presence and waste management and recycling.

There is evidence to suggest that some BIDs are more advanced in their commercialisation activities with the likes of HammersmithLondon seeing the benefits of previous waste management and recycling initiatives reporting that 40% of BID levy payers now recycle and 50% of these break even on the BID levy. HammersmithLondon have also seen further benefits accrued from various campaigns such as shop local, dine local and a privilege card offering much needed support to the local BID businesses. Similar benefits have been reported by Totally Truro who worked closely with a local organisation to help procure cheaper electricity, with initial test cases showing savings of up to 50%. Totally Truro is also investigating a discounted car-parking scheme for local businesses, disposal of trade waste and collective insurance.

Another example of advanced commercialisation activity comes from Waterloo Quarter who have partnered with a utilities switching company based in the BID area to offer local businesses a dedicated phone line to change utilities supplier to cheaper deals. The BID is then paid a contribution for each member that uses the service to spend in the local area. Waterloo Quarter have also been involved in a 'Buy Green' project which used ERDF funding to analyse food packaging waste with consultants in the process of analysing the types of local food packaging that retail outlets use to assess the scope of switching to a green alternative. The project will be put out to procurement specialists to tender and negotiate the deals with suppliers.

The survey evidence points to a gradual increase in the commercialisation activities across the BID population. More innovation is evident with a number of established BIDs starting to reap the benefits of their early pioneering activities. The continued recessionary environment has necessitated the BIDs to become more innovative in their allocation of BID levy funds and hence has helped stimulate a demand for commercialisation activities. BID viability in some cases has improved despite the economic downturn and this in part is as a result of these cost saving practices being instigated. Expansion of these activities, particularly in the insurance and office overheads/supplies areas, will create further bottom-line savings for businesses and enable these areas to catch up with the success stories highlighted within waste management/recycling and energy and utilities.

5.3 Key Findings

- The importance of innovative projects continues to grow given the current economic downturn, the unknown impact of the forthcoming Localism Bill and continued decentralisation of service provision.
- 79% of City/Town Centre BIDs have now introduced some form of innovation project, although this represents a slight downturn from a high of 86% last year, showing that the level of innovation has dropped alongside the additional income streams of many BIDs.
- The ability of BIDs to implement innovation in BID service delivery has continued to be hampered by rising costs, falling sales, squeezed margins and the reduction in retail profits.
- There is clear evidence to suggest that despite falling additional income levels BIDs are no longer focusing on just one innovation theme, but rather seeking to diversify their innovation projects across a number of areas.
- Marketing and Events (59.1%) and Crime Prevention (56.1%) remain the most common innovation project types due to their links to attracting more customers and removing any negative safety perceptions.
- Collective purchasing is slowly demonstrating more innovation as evidenced not only by the innovation projects discussed in the survey but also by the commercialisation activities.
- Cleaning innovation projects are dominated by combating chewing gum problems, employing additional cleaners to deal with excessive littering and evidence from some BIDs of the introduction of various cleaning focused campaigns.
- The recent civil unrest enabled BIDs to provide an essential co-ordination point for businesses to refer to and offer critical advice, guidance and support to help businesses both large and small get back into operation.
- In terms of crime prevention measures the use of digital radio links, street wardens and additional CCTV surveillance have all proved beneficial to BID areas. As has the collaborative working to help tackle drug and juvenile related crime.
- Commendation is also due for the further outreach into the community activities to help reduce crime that have been undertaken by some BIDs while others have drafted crime and design audits or developed a night time economy strategy.
- Common public realm enhancement projects have included signage improvements, additional street furniture and more planting. However some BIDs have actively sought innovative partnerships with the likes of the Probation Trust and the Prince's Foundation for the Built Environment to implement projects of lasting value.
- In terms of transport projects the introduction of funded/free bus services, discounted car parking and secured bicycle parking were prevalent across a number of BIDs. However, the collaborative impact of the partnership developed by the Birmingham BIDs alongside the City Council to develop a collective transport strategy demonstrates the positive wider impact of the BID process.
- Marketing and events continued to provide the catalyst to increased footfall and boost ailing sales. This was primarily achieved through festivals/markets, voucher and discount schemes and local area promotions and branding. There was also evidence of a clear focus on fun events for all the family across many BIDs.
- A number of BIDs are now implementing joint procurement initiatives across different areas including recycling, telecoms, pest control, insurance, utilities and cleaning.
- CSR innovation projects continue to be small in number but are beginning to have greater impacts, notably projects involving local employability initiatives and volunteer based projects with local charities.
- Commercialisation activities have increased from 53% of City/Town Centre BIDs (26 BIDs) in 2009/10 to 65.2% (43 BIDs) in 2010/11. It is somewhat surprising that this figure was not higher given the continued economic downturn which makes cost savings/efficiency gains even more essential.
- In total 105 commercialisation projects were implemented in 2010/11 compared to just 74 last year, with waste management (41%), followed by energy costs (33%) and marketing (30%) leading the way.
- Office overheads and supplies (15%) and insurance (14%) still have a relatively low uptake but this year a number of BIDs mentioned investigating the insurance area but have not implemented the project showing this area is likely to grow.
- There is evidence of some BIDs becoming more advanced in their commercialisation activities and reaping the benefits of initiatives put in place.
- Hammersmith London witnessed success in commercialising waste management activities, whereas Totally Truro and Waterloo Quarter have both benefited from cheaper electricity as a result of innovative service provider partnerships.

6.0 Decentralisation Agenda and BIDs

Central Government policies in 2011 are primarily dominated by priorities to reduce the financial deficit, curb public sector spending, facilitate economic growth, stimulate inward investment, promote job creation and reform the provision of public services. Government policy is therefore focusing on the decentralisation of powers to local communities to create greater efficiencies, reduce bureaucracy, and encourage greater local authority empowerment and business engagement. Across the UK various legislative/policy initiatives are being considered or implemented such as the Localism Bill 2010 and the establishment of Local Enterprise Partnerships in England including the Parliamentary Enquiry into Localism in Decentralisation with a focus on place, services and budgeting, the Town Centre Regeneration Fund in Scotland; the Future of Town Centres in Wales and the Northern Ireland Assembly proposal to take forward legislation giving greater powers to businesses to improve town centres.

An example of the decentralisation agenda is the Localism Bill which was introduced to Parliament on 13th December 2010 and was heralded as a radical shift in power from central government back into the hands of individuals, communities and councils. The Bill is progressing through Parliament with it due to be reported upon at the House of Lords before the 3rd reading in both the House of Commons and House of Lords and consideration of any amendments prior to Royal Assent. Central to the ethos of the Bill is the notion that central government has undermined local democracy and thereby stifled any innovation or enterprise within public services. In order to address this, the Coalition Government has championed the 'Big Society' ideal with power now being decentralised as much as possible.

There are 6 key actions listed in the Bill that are central to realising the shift to 'localism', these include –

1. *Lift the burden of bureaucracy* – including any unnecessary red tape which restricts local action;
2. *Empower communities to do things their way* – helping to get people involved in the direct development of their communities;
3. *Increase local control of public finance* – enabling decisions over how public money is spent and raised to be taken within communities;
4. *Diversify the supply of public services* – ending public sector monopolies and giving people more choice and better standards of service;
5. *Open up Government to public scrutiny* – releasing government information into the public domain to ensure transparency;
6. *Strengthen accountability to local people* – giving every citizen the power to change the services provided through participation and local referendums.

This Bill and the decentralisation agenda will have potentially large impacts on BIDs with on one hand it providing greater opportunities in terms of responding to localised needs but on the other hand potentially threaten development opportunities by competing Neighbourhood Forum priorities and vetoing of business opportunities through referendum by local minorities with differing agendas. However, the local retention of business rate uplift advocated under the Local Government Spending Review should be beneficial to BIDs where this wealth generation is redistributed within local business areas. There is also the further unknown impact of locally elected mayors under the Localism Bill and how this could affect the power dynamics and business opportunities of BIDs.

However, despite some of these unknowns, at a recent British BIDs Leadership Network dialogue which focused on the impact of localism/decentralisation on BIDs, clear support was garnered for the localism agenda and a collective thought established that BIDs are 'localism in action'. There was also the feeling that BIDs are capable of leading localism locally and can perform a co-ordinating role for managing change. Furthermore, the Localism Bill heralds new opportunities for BIDs to act as localism catalysts and become central to its delivery as well as being capable of responding to and influencing new government funding streams such as Tax Incremental Finance (TIF) and the retention of local business rate uplift. These issues and opportunities will become more apparent when the Localism Bill gets enforced and local authorities start to benefit from keeping a share of the growth in business rates in their area. Likewise, the awareness of the role that BIDs can play in facilitating and co-ordinating localism through its operations and further development will increase over the next few months as indicated in the later analysis sections.

It is interesting to note that in general the Localism Bill and decentralisation agenda have been well received by some of the key property and planning related bodies including the Royal Town Planning Institute (RTPI), the Royal Institution of Chartered Surveyors (RICS), the British Retail Consortium (BRC) and the British Property Federation (BPF). All are in broad agreement that local level decision-making is in the best interests of any local area and that getting communities onside with development opportunities should and is already happening in many areas. They also concur that, as this is essentially a piece of enabling legislation, it therefore lacks detail in terms of how some of these objectives would be implemented in practice. Likewise, the assumption that it will lead to more economic development given removal of centralised bureaucracy is not necessarily the reality especially where local opposition is faced and now given more power to veto development opportunities. Furthermore, there are some calls for a clear vision and greater communication with the local communities, local authorities and the planning sector on the localism bill measures with associated guidance needed to ease the transition period.

13 Government Spending Review, Treasury 2010

14 Department of Communities and Local Government, Local Government Resource Review: Proposals for Business Rates Retention, Consultation, London, July 2011

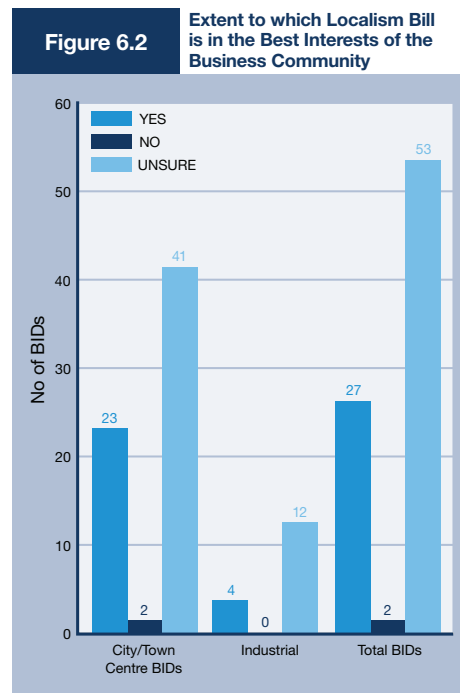
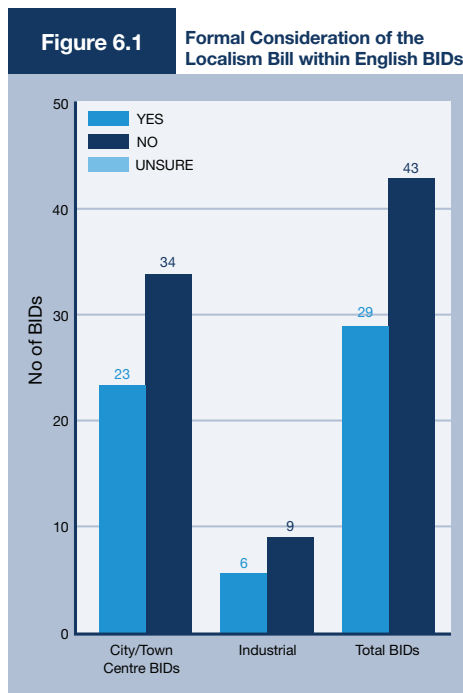
15 Department of Communities and Local Government, www.communities.gov.uk

16 DCLG Commons Select Committee Localism Enquiry, October 2010, www.parliament.uk

17 The Scottish Government, Town Centre Regeneration Fund, <http://www.scotland.gov.uk>

18 Planning for Retail and Town Centres, Welsh Assembly, July 2010, www.cymru.gov.uk

19 Committee for Social Development, Inquiry into Town Centre Regeneration, Northern Ireland Assembly



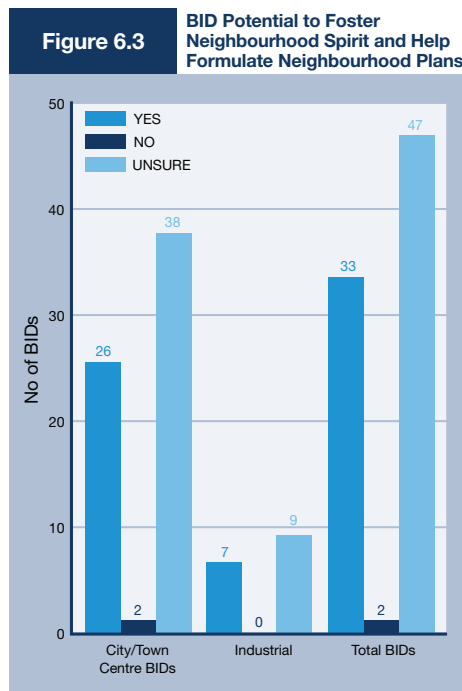
6.1 Localism Bill and BID Areas

Figure 6.1 shows that a number of English²⁰ BID areas are already considering the impact of the Localism Bill on their area. This represents 23 (41.1%) of the City/Town Centre BIDs and a further 6 (37.5%) of the Industrial BIDs. These numbers are cause for optimism given the timing of the survey which pre-dated some of the detail on the localism agenda and this therefore shows that BIDs continue to be at the forefront of understanding the policy implications of issues such as localism. It is also encouraging to view these figures as further evidence of the innovation and enterprising spirit taken by a number of BIDs in seeking out potential benefits to be had or indeed identifying potential threats early so as to be prepared for any future opportunities that become available to them. However, there is a need for BIDs to remain proactive in realising the key role that they can play in facilitating localism and step forward to become a key conduit for delivering not only local services efficiently but also in engaging with the local community and responding to new government funding mechanisms. It is anticipated that when the Bill attains Royal Assent that the corresponding number of BIDs considering its impact will grow accordingly.

There has been criticism in some quarters that the new Localism Bill and the National Planning Policy Framework, which whilst having formal recognition for the business community, still lacks clarity with regards to the role businesses will play and how the new Neighbourhood Forums or Neighbourhood Plans will take into account business interests within their constitution. When the BIDs sample were asked the extent to which the Localism Bill was in the best interests of the business community, it is clear

from Figure 6.2 that the majority of respondents were undecided with 41 (62.1%) of City/Town Centre BIDs and a further 12 (75%) of Industrial BIDs stating they were unsure in their response. This could be taken to mean they have not really considered this question before or that they are undecided in terms of the impact the Bill will have on local business interests and hence are postponing judgement until the position becomes clearer. Interestingly, only 2 BIDs in the complete survey or (2.4%) indicated that the Bill wasn't in the best interests of the business community, with a further 27 BIDs (32.9%) feeling it was supportive of local business needs. It remains to be seen which grouping is the more accurate one, but it is clear that a number of issues need to be addressed before the full backing of the business community will be received. One BID, Better Bankside, has however actively embraced the concept and put itself forward to be one of the business neighbourhood vanguards.

A further key objective of the new Localism Bill is the opportunity to create local neighbourhood plans that reflect the priorities of local communities. This could provide BIDs with the opportunity to drive neighbourhood plans as they are central to the neighbourhood planning process and have the capabilities of delivering and engaging with the localism agenda. However, despite this clear opportunity for BIDs, Figure 6.3 shows there is still divided opinion amongst BID respondents as to whether BIDs have potential to contribute to these neighbourhood level plans, with only a total of 33 (40.2%) supporting this potential. Again the majority (47 or 57.3%) were undecided on this role and how much BIDs could ultimately contribute. This is undoubtedly



a position that will have to change in the future as it essential that BIDs play an active role in the formulation of any neighbourhood plans to ensure that business interests are being represented and that the best opportunities for future economic growth are being realised.

The Town Centre and Business Community have been vocal in stating that the new Localism Bill requires a new statutory duty to promote a sustainable High Street and thereby ensure that the National Planning Framework retains a robust Town Centre First (TCF) policy. However, amongst those who responded within the BID community there are some doubts on the value of the TCF policy with just 32 (48.5%) City/Town Centre BIDs in agreement and the remaining 34 BIDs (51.5%) displaying more scepticism on the true benefits of this policy given previous poor application of the sequential test resulting in a dilution of its impacts. This scepticism is likely to reflect reservations on the effectiveness of current planning policies given the volume of out-of-town retail that has been passed during the lifespan of the TCF policy and therefore a need for firmer guidance than that which is currently proposed on the protection of the High Street. Across the Industrial BIDs, as one might expect, there was limited agreement on the retention of this policy with only 1 BID (6.3%) advocating its retention, with the overwhelming majority 14 (87.4%) unsure on whether to retain it or not and a further 1 BID (6.3%) against the policy.

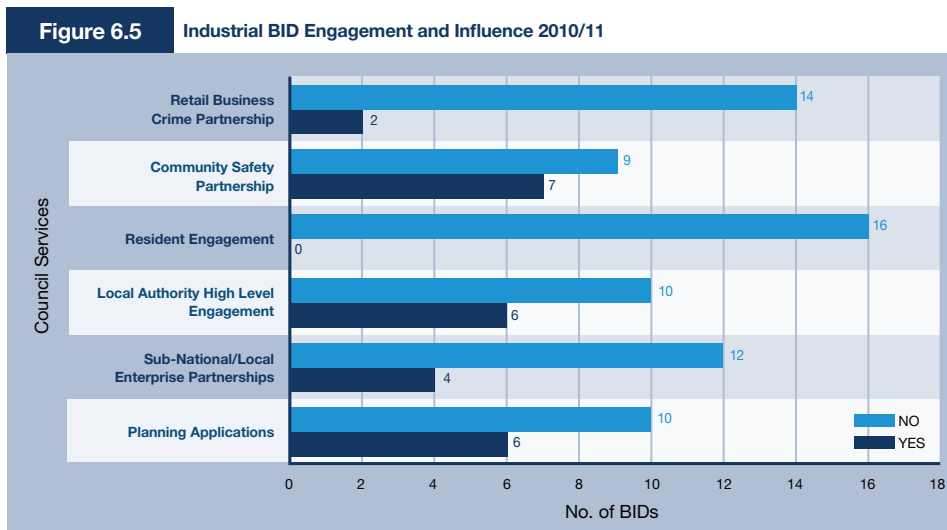
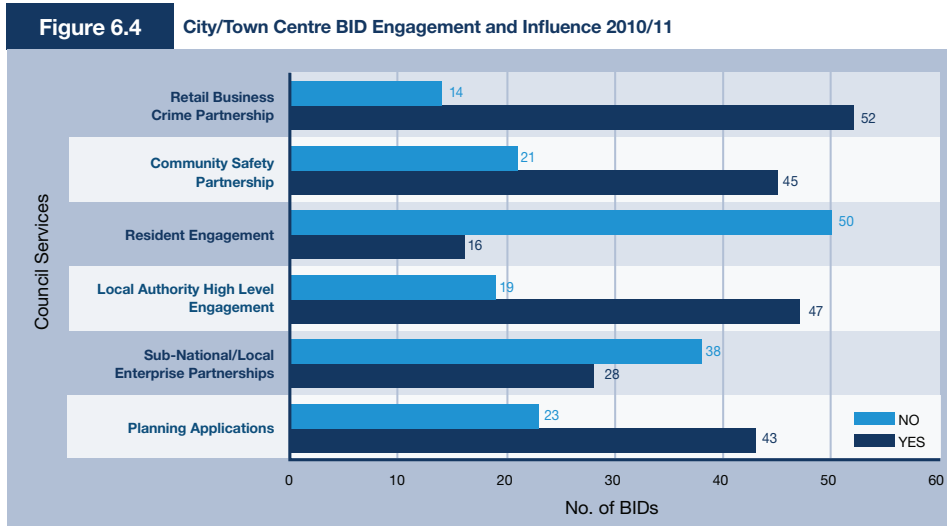
Figure 6.4 shows the extent to which the City/Town Centre BIDs currently engage in some of the Localism Bill activities, with a

number of BIDs indicating their involvement in these activities. Some of the key areas that received favourable responses included 52 BIDs (78.8%) currently involved in Retail Business Crime Partnerships, 47 BIDs (71.2%) involved in High Level Engagement with their Local Authorities, 45 BIDs (68.2%) involved in Community Safety Partnerships and 43 BIDs (65.2%) indicating they contributed to the consultation process on Planning Applications impacting on the BID area or local neighbourhood planning forums. Of further note was the high number of 50 BIDs (75.8%) registering no Resident representation on the BID board and a further 38 BIDs (57.6%) with no links to Sub-national or Local Enterprise Partnerships. To some extent the lack of involvement in the latter category reflects the removal of the regional tier of government and the infancy stages of the LEPs. However, there remains a need for some action to improve the links between the local business community and both residents and local enterprise partnerships due to the increased power being given to the residents in the new Localism Bill and the key role likely to be played by the Local Enterprise Partnerships in helping to set the economic priorities for local areas. Furthermore, there is a necessity to form clear linkages between local policing, neighbourhood plans and the local business community given the BID responsibilities for the delivery of some of these critical local services.

Figure 6.5 shows the contrasting position of Industrial BIDs on their engagement with Localism activities as generally lower than their City/Town Centre counterparts. The highest results were returned for engagement with Community Safety Partnerships (7 BIDs or 43.8%), Local Authority High Level Engagement (6 BIDs or 37.5%) and consultation with Planning Applications impacting on the BID area or local neighbourhood planning forums (6 BIDs or 37.5%). Engagement with Sub-National or Local Enterprise Partnerships (4 BIDs or 25%), Retail Business Crime Partnerships (2 BIDs or 12.5%) and Resident representation on the BID board (16 BIDs or 100%) remained either low or non-existent as in the case of the resident engagement. To some extent this is influenced by the location of some of the Industrial BIDs which may not be close to local communities or in out-of-town locations. However, despite the contrast in performance with the City/Town Centre BIDs it is important to note that Industrial BIDs are showing some signs of engaging in localism activities despite having a lower management resource and significantly lower income funds at their disposal.

Finally, in terms of the Localism agenda the BIDs were asked about any lessons they had learnt in terms of collaborative working to drive economic growth, again a key objective of the Localism Bill. One of the emerging themes included the role of good communication with other businesses and the exchange of ideas as advocated by a number of BIDs including Lancing, Astmoor, Liverpool City Central, KIPPA and Worcester BIDs. On this same theme Swansea succinctly described the key to collaborative working is 'two ears, one mouth – listen more, talk less'. Kirkcaldy, Argall, Hull and Nottingham Leisure BID all pointed to early identification of funding sources, the benefits of partnership arrangements and building relationships with key stakeholders. It is notable that the highest consensus appears to lie in sound urban governance and establishing good communication streams and building relationships central to this governance success. While none of the BIDs explicitly mentioned the benefits of strong leadership in helping to deliver this governance it is clear that the leadership within any collaborative arrangement is central to its long-term success as they have the power to influence the direction of the collaboration and the extent to which it achieves its objectives.

20 The sample size for this question was reduced from 66 to 56 BIDs to reflect only BIDs in England as the Localism Bill currently applies to the English jurisdiction only.



Furthermore, from a business perspective the Heart of London Business Alliance and Plymouth BIDs indicated the potential to use BIDs to develop further public/private sector business and finance models such as TIFs to help drive economic growth. In a similar vein, Ipswich Central employed an inward investment officer to introduce innovative ways to attract more income streams. Ilford and Retail Birmingham point to the need for a strong collective vision and buy-in from all partners involved in the project. While Birmingham Southside indicate that collaborative working is a “no-brainer” as it reduces costs and improves productivity.

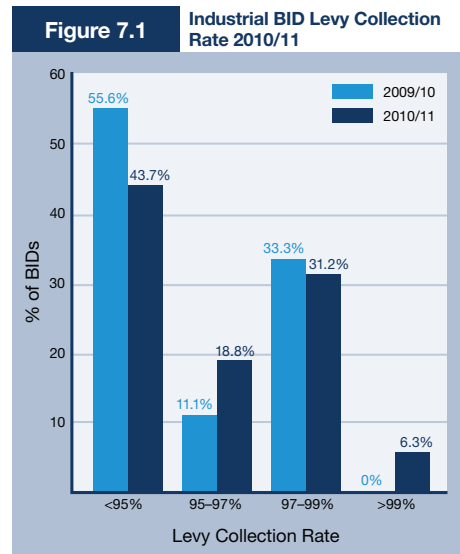
It is clear that while the business model of BIDs can respond to some of the localism challenges, the potential for resident involvement remains mixed, with some BIDs such as inmidtown determined to hold onto their business-led ethos and thereby having limited engagement with residents. Meanwhile, it is important that the BIDs who are benefiting from the resident engagement, such as Better Bankside, publicise these benefits and encourage others to replicate this good practice as future BID models are more likely to gain the support of government by way of funding if they are seen to be engaging across the whole spectrum at a local level.

6.2 Key Findings

- The steady progress of the Localism Bill through Parliament makes its content and the implications of decentralisation increasingly important for future BID development across both service delivery and income generation.
- The 6 key actions listed in the Localism Bill will see BIDs having to accept the increasingly powerful role the local community will play in future BID development and how transparency and accountability may take on renewed significance.
- BIDs are perfectly placed to respond to localism as they are designed at the neighbourhood scale, but they could be threatened by business rate changes, competing Neighbourhood Forum priorities and local community veto's of business development plans for the BID area.
- Key property and planning bodies broadly support 'localism' and decentralisation as an initiative with some minor reservations over its implementation in practice, the need for a clear vision and greater communication with the key players and clear guidance to aid transition and ensure that potential regional disparities are minimised.
- 23 (41.1%) of English City/Town Centre BIDs and 6 (37.5%) of Industrial BIDs are already considering the impact of the Localism Bill on their BID area with this number likely to increase substantially next year when the Bill will have become legislation.
- Indecision characterised the extent to which the Localism Bill was in the best interests of the business community with 41 (62.1%) of City/Town Centre BIDs and 12 (75%) of Industrial BIDs responding that they were unsure. In order to respond to this uncertainty the Localism Bill may need to show greater clarity on the role that business can play alongside the Neighbourhood Forums or Local Enterprise Partnerships and local community.
- Only 33 BIDs in total (40.2%) supported the contribution that BIDs could make to the formulation of neighbourhood plans or fostering of neighbourhood spirit, reflecting the earlier uncertainty of Localism Bill impacts. This needs to be addressed as all neighbourhood plans need to represent business interests and therefore this needs full buy-in across the complete BID community or the experience of BIDs in helping to stimulate economic growth is lost to the Localism agenda.
- Support for retaining the Town Centre First Policy in the National Planning Framework was lower than anticipated with just 32 City/Town Centre BIDs (48.5%) and 1 Industrial BID (6.3%) campaigning for its retention. This indifference towards a policy that is designed to protect the High Street reflects the previous planning policy failures in correctly applying the sequential test.
- BIDs across both City/Town Centre and Industrial are already engaged in a number of localism related activities. In the case of City/Town Centre BIDs this includes Retail Business Crime Partnerships (52 BIDs), Local Authority high level engagement (47 BIDs), Community Safety Partnerships (45 BIDs) and Planning Applications (43 BIDs). Similarly, Industrial BIDs are involved in Community Safety Partnerships (7 BIDs), Local Authority high level engagement (6 BIDs), and Planning Applications (6 BIDs). This clearly shows how ideally placed the BID model is to help deliver localism.
- Two areas where City/Town Centre and Industrial BIDs have had less involvement are Resident Engagement (75.8% of City/Town Centre and 100% of Industrial BIDs had no resident engagement) and Local Enterprise Partnerships (57.6% of City/Town Centre BIDs and 75% of Industrial BIDs with no LEP involvement). These figures will need to be reversed given the power placed with local residents under localism and the key strategic role to be played by LEP's in setting economic priorities for local areas.
- Key lessons learnt on collaborative working across all BIDs identified governance issues such as good communication, open exchange of ideas, strong partnership arrangements and forging solid stakeholder relationships.
- From a business perspective some BIDs indicated the potential to further develop public/private sector business and finance models to help drive economic growth and respond to the changing dynamics of localism. Others pointed to the need for a collective vision and buy-in from all project partners to help build the essential collaborative working relationships central to BID success.

7.0 Industrial BIDs

Industrial BIDs continue to make up a small proportion of the total BIDs population with only 26 (23.2%) out of the total 112 BIDs in the UK and Ireland, of which 16 (50%) have responded to this year's survey in contrast to only 9 (34.6%) last year. The specialist nature of Industrial BIDs has to some extent made it difficult to gauge performance levels, as appropriate benchmarks do not exist and as their performance capabilities are not directly comparable to that of the City/Town Centre BIDs due to their differing goals and overall budgets. However, given the increased sample size this year and a mix of BIDs across different levels of maturity, it is now possible to draw comparisons within their own class. This now provides a viable sample size to explore this specialist BID type in more detail and determine what are the key characteristics and success factors behind the performance levels achieved and establish if any further lessons can be learnt from their City/Town Centre BID counterparts. Therefore, in contrast to previous surveys, this year Industrial BIDs have this chapter dedicated especially to exploring their specialist nature and purpose which is distinct from City/Town Centre BIDs. Where appropriate, comparison has been drawn to the previous financial year or to City/Town Centre BIDs with case studies of good practice used to demonstrate exemplar activities. This should help aid further understanding of the different nuances affecting the Industrial sector of BIDs.



7.1 BID Levy Collection

As businesses continue to face the financial realities of the economic downturn there have been more and more trade closures and hence increased vacancy levels are evident throughout the UK and Ireland. Industrial BIDs, or business parks, have not been immune to these economic forces with a number of businesses suffering from either foreclosure or a severe reduction in profitability. Figure 7.1 shows a positive result in that fewer BIDs are collecting a BID levy from less than 95% of the businesses within their BID boundary with the percentage falling from 55.6% (5 BIDs) last year to 43.7% (7 BIDs) this year. Conversely, this now means that 56.3% of BIDs are collecting a BID levy from more than 95% of businesses, compared to just 44.4% of BIDs last year. This in part reflects the additional BID responses but also demonstrates that despite the current economic downturn the vacancy levels and levy exemptions within Industrial BIDs have dropped, as shown by the increase in businesses paying the BID levy and the associated increase in BID levy incomes (Table 7.1).

Table 7.1 Comparison of Industrial BID Levy Income and Hereditament Numbers

BID Name	Levy Income 2009/10	Levy Income 2010/11	% Difference	No. of Hereditaments 2010/11
Argall BID	£50,000	£65,000	+30%	360
Garratt Business Park	£49,000	£58,820	+20%	69
Hainault BID	£40,000	£51,487	+28.7%	177
IEP BID (Bolton)	£390,500	£426,596	+9%	318
KIPPA BID Ltd	£40,000	£45,000	+12.5%	90
London Riverside BID	£100,000	£157,358	+57.4%	250
Willow BID	£50,000	£50,000	0%	180
Average	£102,786	£122,037	+22.5%	187

Table 7.2 Industrial BID Unit Cost

BID Name	Levy Collection Charge pa (£)	No. of Hereditaments/ BID	BID Unit Cost (£) 2009/10	BID Unit Cost (£) 2010/11
Altham BID	-	61	-	-
Argall BID	-	360	-	-
Astmoor Industrial Estate	£10,063	160	-	£62.89
Blackburn EDZ BID	£8,395	277	-	£30.31
Cannock Chase BID	-	285	-	-
Clacksfirst	-	342	-	-
Garratt Business Park BID	£628	69	£7	£9.10
Hainault BID	-	177	-	-
IEP BID (Bolton)	£11,029	318	£38	£34.68
KIPPA BID LTD	-	90	-	-
Lancing Business Park	£1,350	215	-	£6.28
London Riverside BID	£17,904	250	£59	£71.62
Longhill & Sandgate BID	-	200	-	-
Segensworth BID	-	184	-	-
Willow BID	£1,300	180	£5	£7.22
Winsford Industrial Estate	-	170	-	-
Average	£7,238	209	£27.25	£31.73

Table 7.1 shows that across the 7 Industrial BIDs that responded to the survey over the last two years that 6 out of 7 BIDs have seen an increase in the amount of BID levy income generated, with an average income increase of 22.5% or £19,251 across these BIDs. This is significant given that in this time period 3 BIDs have seen a reduction in the number of hereditaments (average reduction of -13.2%) which they collect from, with this number potentially higher as a further 3 did not provide hereditament details in the 2009/10 survey. This shows an increase in the efficiency of BID levy collection across the Industrial BIDs and despite the use of the annual BID levy charge system to reduce the collection charge incurred by Industrial BIDs, there has been a notable increase in the BID levy incomes. It remains to be seen over a longer time period if this increase in BID levy income levels can be maintained or whether a shift to the daily rate levy charge method favoured by City/Town Centre BIDs will be necessary to further boost these funds.

Once again, Local Authorities are allowed to charge a fee for the levy collection service with Figure 7.2 showing that for 2010/11 there was a slight variation in the charges returned. The number of Industrial BIDs facing no charge experienced a small drop (2.3%), with 53.3% of the sample now facing no charge compared to 55.6% last year. Likewise, there was a drop in those charged within the £10,000-20,000 category from 33% to 20%, while there was an increase in the £0-10,000 category from 11% to 26.6%. The actual charges faced vary greatly from the lowest amount (£628) charged to Garratt Business Park and the highest amount (£17,904) charged to London Riverside. This shows that there is no set formula being applied by the Local Authorities to establish set collection charges and shows these are open to negotiation directly between the Local Authority and the BID management team. As one might expect, there appears to be a direct link between the BIDs with the highest BID levy incomes and the higher Local Authority Collection Charge with IEP BID (Bolton), London Riverside and Astmoor Industrial Park all returning the highest BID levy income

while also being charged in the £10,000-£20,000 category. Similarly, these 3 BIDs in the highest charge category also have the highest average number of hereditaments with 243. However, the average number of hereditaments of BIDs in the no charge category was 198 compared to an average of 185 in the £0-10,000 category suggesting that this £10,000-20,000 category are being over charged for their collection service relative to the number of hereditaments involved.

In a similar vein, Table 7.2 shows that there is a wide variation between BIDs on the number of hereditaments included within the BID boundary. The smallest number is the 61 properties contained in the Altham BID while the Argall BID returned the largest number of properties with 360. The average number of hereditaments stands at 209 properties for the 2010/11 survey compared to 183 in 2009/10. Table 7.2 also demonstrates the variation between the BID unit cost across the Industrial BIDs with 3 BIDs charging a unit cost of less than £10, notably Garratt Business Park (£9.10), Lancing Business Park (£6.28) and Willow (£7.22). At the other end of the scale the unit costs of Astmoor Industrial Estate (£62.89) and London Riverside (£71.62) are particularly high given that the IEP BID (Bolton) has a higher number of hereditaments and a higher BID levy income stream but a significantly lower BID unit cost of £34.68. It is also interesting to note that of the 4 BIDs with comparable unit cost data from last year, only one of these (IEP BID), despite a decrease in the number of hereditaments, managed to negotiate a reduction in the charges being faced. This confirms earlier comments over the lack of a standard charge allowing for some flexibility between the Local Authority and BID area to determine an appropriate unit cost and suggests that the BIDs need to take a more proactive role in negotiating these charges. The average BID unit cost for 2010/11 was £31.73 compared to £27.25 in 2009/10; this reflects the reduction in the number of hereditaments and a slight increase by some Local Authorities in the collection charges.

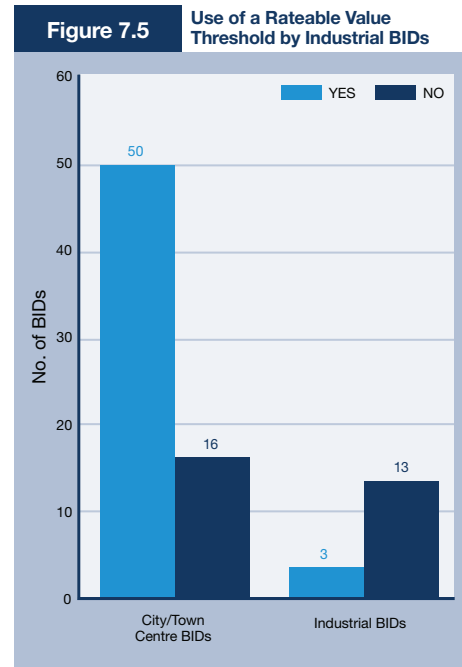
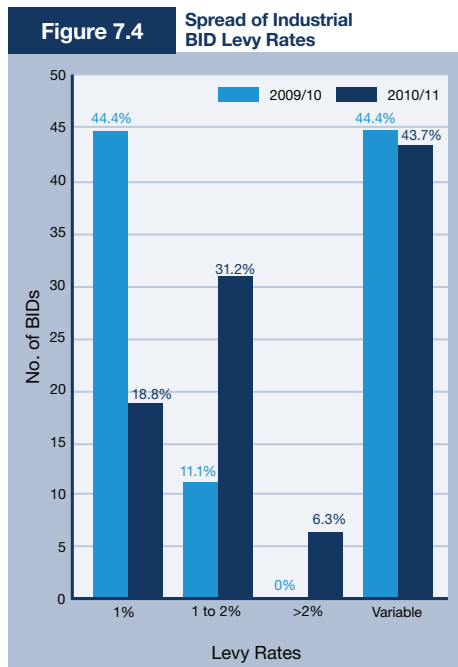
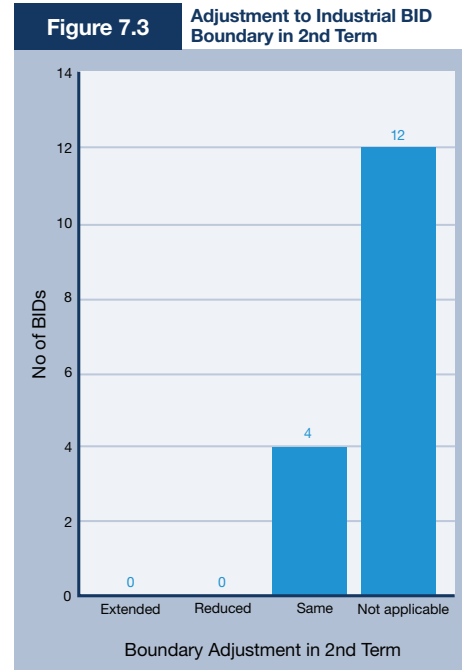
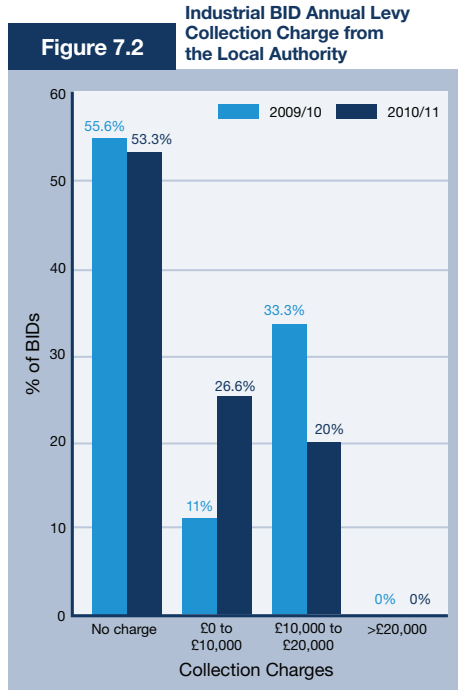


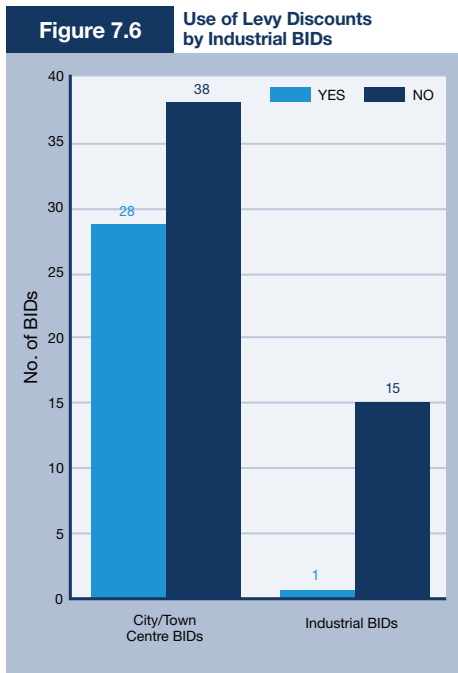
Figure 7.3 shows that in terms of BIDs going through the renewal phase, none of the 4 Industrial BIDs decided to extend their boundaries. This is in direct contrast to the City/Town Centre BIDs which saw 9 BIDs out of 24 renewals or 37.5% of the sample opting to extend their BID boundary and thereby capture additional revenue streams. This may be an area that some Industrial BIDs approaching renewal in the future could consider if they have the opportunity to extend their boundary and increase the number of hereditaments liable to pay the BID levy. However, in many cases the BID boundary for an Industrial BID is also the boundary of the industrial park and therefore there may be no scope to extend. Of further note is the fact that only 2 of the 4 Industrial renewal BIDs (Winsford and Hainault) decided to adjust their BID proposal themes from the original proposal. This may reflect the present economic uncertainty and the fact that BIDs may decide to consolidate their present activities instead of branching out into new areas.

From Figure 7.4 it is clear that there has been an increase in the BID levy rates being charged with an increasing percentage of BIDs charging 1-2% (31.2%) or >2% (6.3%) compared to 11.1% and 0% last year in these respective categories. The number of BIDs implementing a variable rate to reflect the different types of businesses located within the Industrial parks has remained static but now forms the highest overall percentage at 43.7% of the total sample for 2010/11. The variable rate includes properties banded according to their rateable value as well as variations in the % levy rate depending on the property use, ownership or occupation. In comparison to the City/Town Centre BIDs (Figure 3.1) there is more use of the variable rate

amongst Industrial BIDs again probably reflecting the wide range of business types located in these industrial parks and also the difference in scale of these businesses from potentially small workshops through to large factories. It is also interesting to note that in this current economic climate none of the BIDs have dropped their levy rate to less than 1% upon renewal, as all BIDs are now recognising the importance of maximising their BID levy especially as additional BID income becomes increasingly difficult to source. It is also important to note that in areas where the rateable values are low, dropping the levy below 1% would not be viable.

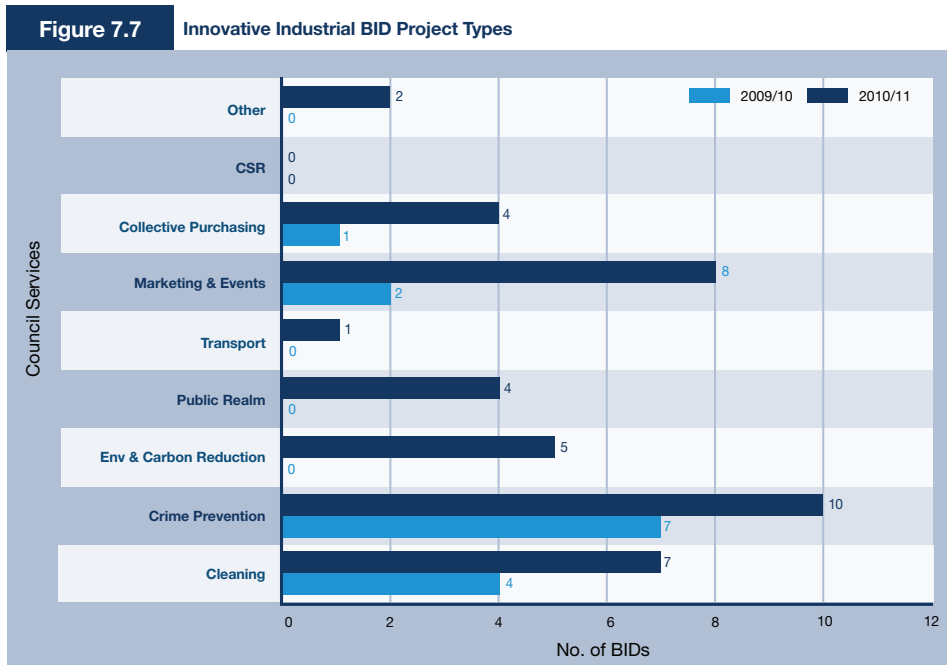
To account for the differences in the size and type of businesses in a BID area some BIDs have introduced a Rateable Value (RV) threshold (i.e. a minimum rateable value below which businesses would be exempt from paying the BID levy). Figure 7.5 shows the contrasting position between the City/Town Centre and Industrial BIDs in terms of applying a RV threshold with it apparent that a much higher proportion of City/Town Centre BIDs applied this (50 BIDs or 75.8%) compared to just 3 or 18.8% of Industrial BIDs. This shows that Industrial BIDs attempt to maximise their BID levy income through reducing the amount of exemptions whereas in the City/Town Centre there are more charities, shopping centres or small businesses that potentially are supported through either an exemption or levy discount. It also reflects the lower collection charges and rateable values within Industrial BID areas which, in contrast to City/Town Centre BIDs, do not face reduced viability in the absence of a rateable value threshold.

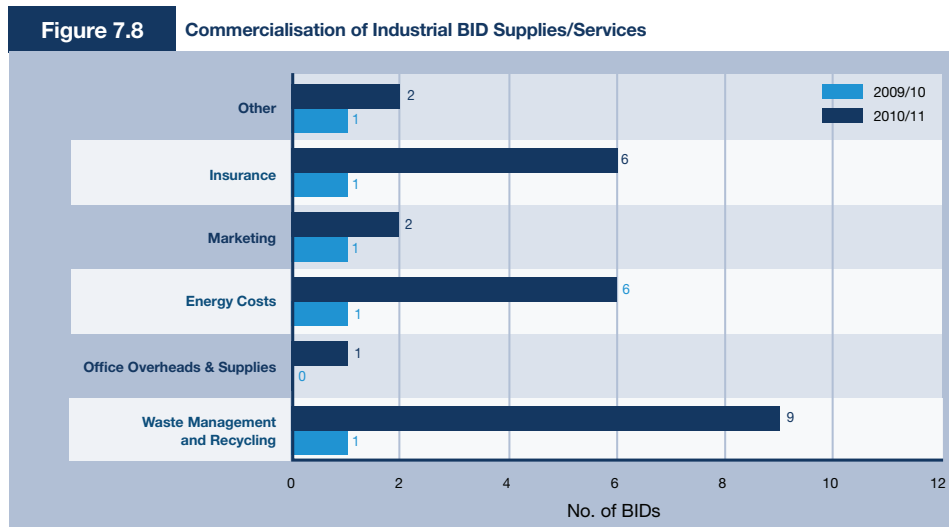




In a similar vein to the previous graph, Figure 7.6 shows that once again BID levy discounts are more prevalent amongst City/Town Centre BIDs with 28 BIDs or 42.4% actively applying these discounts compared to just 1 BID or 6.3% of the Industrial sample. In the case of the City/Town Centre BIDs the majority of levy discounts were given to either charities or shopping centres although one BID also provided a discount of 50% for vacant units. In terms of the amount of discount applied this again varied greatly with some City/Town Centre BIDs reducing the actual BID levy rate while other BIDs applied a percentage reduction on the amount of BID levy payable with a 20-30% discount common amongst shopping centres while charities commanded a discount of anything between 40-80% although this was said to be influenced by the Local Authorities. Garratt Business Park was the only Industrial BID to offer a levy discount in this case to registered charities and other organisations which received a mandatory reduction in business rates.

Figure 7.7 illustrates that the Industrial BIDs were more prevalent in implementing innovative projects in the areas of crime prevention (10 BIDs or 62.5%), Marketing and Events (8 BIDs or 50%) and Cleaning (7 BIDs or 43.8%). There has also been a substantial increase in the total number of innovative projects recorded for the financial year 2010/11 with 47 projects compared to just 14 projects last year representing over a 3-fold increase. In terms of the individual innovation areas represented by the Industrial BIDs there remain no projects in the CSR area while predictably public realm and transport projects are less important to Industrial BIDs than their City/Town Centre counterparts.





The types of innovative cleaning projects that Industrial BIDs were registering included the Blackburn EDZ employing business park wardens, Cannock Chase conducting fortnightly litter picks and Lancing Business Park engaging a grounds maintenance contractor to enhance the aesthetics of the area. Similarly, in terms of Crime Prevention there have been a lot of Industrial BIDs installing a combination of CCTV and ANPR (Automatic Number Plate Recognition) cameras and improved fencing to help increase their security with the BIDs of Blackburn EDZ, Cannock Chase, Hainault and Lancing all benefiting from these measures. Other Crime Prevention measures included KIPPA Ltd providing a car for the Police's local Safer Neighbourhood Team and Winsford implementing a rapid text service and mobile security patrols. Finally, from a Marketing and Events perspective, Cannock Chase have introduced new signage all over the site, Hainault have held various networking events, Lancing have implemented new breakfast style meetings and Winsford have introduced an annual estate business awards event.

Figure 7.8 shows an increase in the number of Industrial BIDs attempting to commercialise their BID supplies and services as a cost saving mechanism, with a total of 5 projects implemented in 2009/10 compared to 26 projects in 2010/11. The highest majority of these projects occurred in the waste management and recycling area with 34.6% of the total projects, followed by energy costs with 23.1% and insurance 23.1%. In terms of individual initiatives, Garratt Business Park are in discussions regarding collective waste management and recycling, Lancing are exploring recycling services for paper/card and negotiating with various suppliers on discount rates, Segensworth are in negotiation with a group of procurement specialists, while IEP BID (Bolton) have negotiated discounts for BID membership on risk insurance and are currently testing a joint energy/utility project with a partner company. This shows that even amongst Industrial BIDs there is a conscious effort made to curb their outgoings and, where possible, become more commercial in their delivery of supplies and services. This cost efficiency drive is likely to intensify over the next number of years necessitating BIDs to become more innovative in their adopted cost saving measures and to safeguard the BID ethos of ensuring additionality over and above the traditional service delivery model.

7.2 Additional BID Funding

The economic downturn has continued to impact on the revenue generating potential of towns and cities. This has resulted in a contraction in the income levels of City/Town Centre BIDs as discussed in Chapter 4. However, the Industrial BIDs have contended with a separate list of factors which potentially impacted upon profitability and business survival, issues such as fuel cost increases, freight costs and the impacts of industrial action have affected some of the BIDs over the last number of years and reduced their revenue generation potential. For the financial year 2010/11 Table 7.3 shows there was a 14.4% increase in the cumulative total or £60,799 additional income generated over and above the BID levy. At first viewing this appears to be a positive result, however when the increase in the number of Industrial BIDs is taken into account (16 compared to just 9 last year) then it becomes apparent that the additional 7

BIDs have effectively added the equivalent of just over £60k. It remains to be seen next year, with a similar sample size, if any additional income increases are returned.

Further calculations show that the average additional income generated across all of the Industrial BIDs dropped from £47,011 in 2009/10 to £30,244 in 2010/11, despite the increase in the total income returned. This clearly shows that in real terms the actual income levels have reduced by 35.7% when the spread across all 16 BIDs is taken into account. Table 7.4 illustrates this point further by providing a comparison of the 5 BIDs for which there were Additional Income figures over the last two years. It is clear that only two BIDs showed an increase during this time with Garratt Business Park showing an impressive increase of 156% while London Riverside retained a healthy income with a 30% increase with a total additional BID income of £223k which is comparable to the income levels achieved in many of its City/Town Centre counterparts. At the other end of the scale Hainault recorded an 87% decrease in income levels with other smaller hits taken by Argall (13%) and IEP BID (17.1%). The total income generated for the BIDs with comparable figures shows a reduction of 10.2% or £40,201, showing that the earlier increase in income levels masks a wider leverage problem which will need to be addressed in future years.

Figure 7.9 shows that the actual sources of this additional income have also contracted with only 4 sources in 2010/11 compared to 6 sources in 2009/10. This year's results are concentrated in Other (£372,000), Local Government (£86,899),

Table 7.3 Comparison of Industrial Income Over and Above the BID Levy

	2009/10	2010/11	% Difference
Industrial BIDs	£423,100	£483,899	+14.4%
Total BIDs	£9,330,052	£7,911,751	-15.2%

Table 7.4 Comparison of Industrial BIDs Additional Income 2009-11

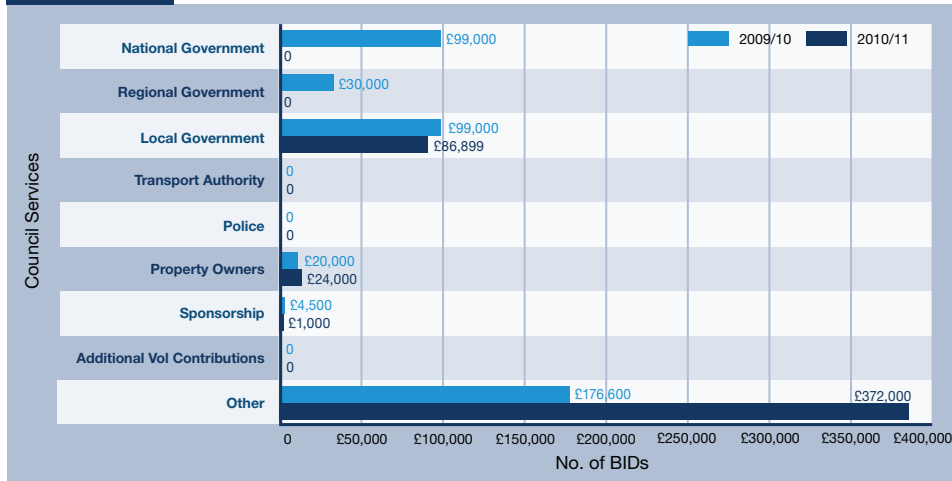
BID Name	Additional Income 2009/10	Additional Income 2010/11	% Difference
Argall BID	£57,500	£50,000	-13.0%
Garratt Business Park BID	£14,000	£35,899	+156%
Hainault BID	£115,000	£15,000	-87.0%
IEP BID (Bolton)	£35,000	£29,000	-17.1%
London Riverside BID	£171,600	£223,000	+30.0%
Total	£393,100	£352,899	-10.2%

Table 7.5 Industrial BID Income Generation Relative to BID Levy

BID Name	BID Start Date	BID Levy Income (£)	Additional Income (£)	R=(I/L) 2009/10*	R=(I/L) 2010/11
Argall BID	2007	£65,000	£50,000	1.15	0.77
Astmoor Industrial Estate	2008	£138,980	£6,000	-	0.04
Clacksfirst	2008	£102,000	£120,000	-	1.18
Garratt Business Park BID	2009	£58,820	£35,899	0.29	0.61
Hainault BID	2006	£51,487	£15,000	2.88	0.29
IEP BID (Bolton)	2006	£426,596	£29,000	0.09	0.07
London Riverside BID	2006	£157,358	£223,000	1.72	1.42
Winsford Industrial Estate	2005	£84,833	£5,000	-	0.06
Total		£1,850,578	£483,899	0.59	0.28

Renewed BIDs highlighted in blue Levy-Income Ratio of Greater than 1 *Calculated figures taken from the 2009/2010 report

Figure 7.9 Source of Additional Industrial BIDs Income Over and Above BID Levy



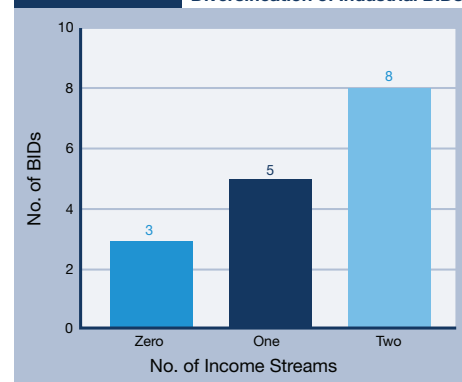
Property Owners (£24,000) and Sponsorship (£1,000), showing a clear reduction in the amount of Central and Regional Government Funding available from last year. Property owners have seen their share increase slightly from £20,000 in 2009/10 to £24,000 in 2010/11 reflecting the increased role that property owners may be expected to play in helping to fund BID operations in the future and the constant struggle to apportion appropriate costs between property occupiers and property owners. The Other category included income streams from a variety of sources, for example £9,000 by IEP BID for trading security services to Non-BID companies, levered contributions of £120,000 by Clacksfirst and funds levered from the London Development Agency and the Thames Gateway Development Corporation Grant totalling £222,000 by London Riverside. However, despite the initiative shown by some BIDs, the reduction in Government funding will necessitate all the Industrial BIDs to become more innovative in their sourcing of additional revenue streams to help bridge the £135,101 shortfall in this funding stream from the past financial year compared to 2009/10, given that it is unlikely Government funding will be made available in the short term.

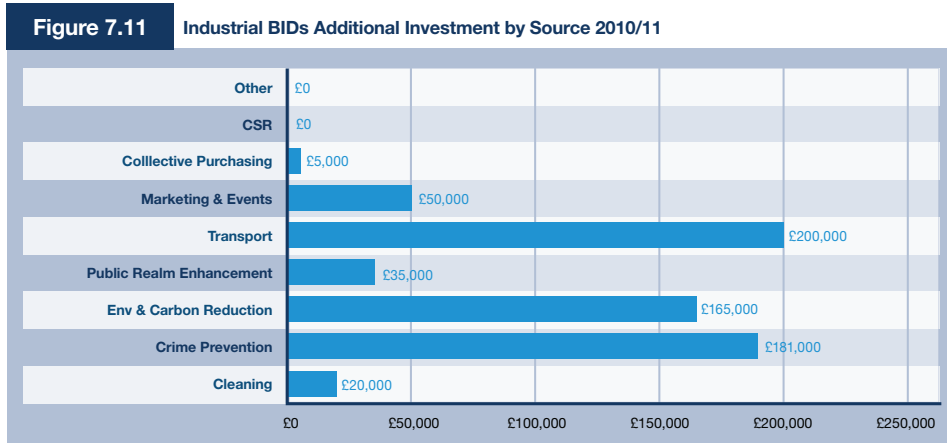
To reduce the risk faced by a failure to source income in any one particular stream it is preferable to have BIDs sourcing income across a number of income streams. Figure 7.10 shows that Industrial BIDs are not risk diverse with very few income streams sought by those BIDs currently attracting additional income. The majority of Industrial BIDs (8 BIDs or 50%) attracted no additional income, while a further 5 BIDs or 31.3% only attracted income from one source, with a further 3 BIDs or 18.8% attracting income from 2 sources. This is an area that the Industrial BIDs may need to improve on to become more risk averse and at the same time potentially increase their additional income revenue.

The leverage of Additional Income to BID Levy Income remains a good indicator of the wealth generation or value for money achieved in any BID area. This multiplier effect was present in 8 (50%) of the 16 Industrial BIDs that responded to the 2010/11

survey. Table 7.5 shows that Clacksfirst (1:1.18) and London Riverside (1:1.42) returned the two highest BID levy to income ratios, with in the latter's case this equating to an extra £1.42 in additional BID income to every £1 of BID Levy received. Some BIDs have had a notable drop in their ratio levels with Argall BID and Hainault both contracting substantially from the previous year. Likewise in terms of the overall ratio for the total income generated there has also been a reduction from a ratio of 1:0.59 in 2009/10 to 1:0.28 in 2010/11. Once again this reflects the hit that has been taken across the majority of the BID population. However, it should still be remembered that while additional income is being generated then this multiplier effect no matter how small will still be created showing that the BID model is continuing to lever additional funds into an area.

Figure 7.10 Additional Income Source Diversification of Industrial BIDs





7.3 Additional BID Investment

In order to investigate the wider investment generating potential of the Industrial BIDs it was necessary to determine the amount of additional investment being generated beyond the BID bank account. Table 7.6 shows that 4 Industrial BIDs recorded an additional investment impact of £656k or an average of £164k per BID. However, closer inspection shows that like the City/Town Centre BIDs two BIDs (Argall, £210k and Segensworth, £415k) potentially skewed the Industrial BIDs investment analysis and therefore the more realistic average investment potential per BID is just £15,500. This, while not insignificant given the nature of Industrial BIDs, still lags significantly behind the City/Town Centre BIDs with an average of just over £1.1M per BID. This also emphasises the point that City/Town Centre BIDs continue to have more opportunity to attract wider regeneration investment given Government policies designed to protect the town centres and encourage city centre regeneration. Conversely, Industrial BIDs need to ensure that any investment attracted to the area, while unlikely to have wider regeneration impact given its out-of-town location, is instead designed to improve the local environment, make the area safer and ensure that the transport logistics and infrastructure of the industrial parks do not adversely impact on any neighbouring open space or countryside.

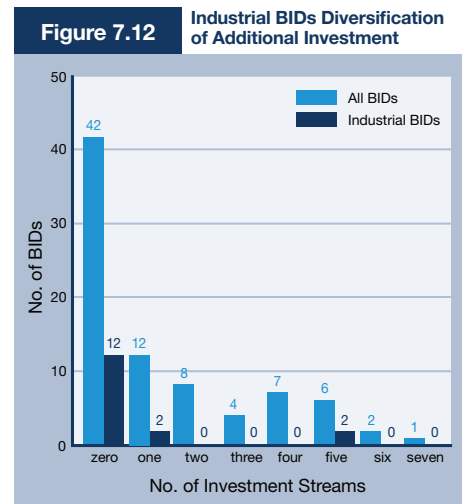


Table 7.6 Investment Attracted Beyond Industrial BID Bank Account

	Total Investment 2010/11	No. of BIDs	Ave per BID
City/Town Centre BIDs	£38,869,398	35	£1,110,554
Industrial BIDs	£656,000	4	£164,000
Industrial BIDs (excluding Argall and Segensworth) ²¹	£31,000	2	£15,500

²¹ It was felt that the Argall (£210k) and Segensworth (£415k) were potentially skewing the investment analysis and hence the average per BID with these excluded is probably more representative of the investment potential of the Industrial BIDs.

Table 7.7 Industrial BID Additional Investment Multiplier

BID Name	BID Levy Income (L)	Additional Income (I)	Combined Income (C)	Additional Investment (in)	R = (In/C) 2010/11
Altham BID	£54,430	0	£54,430	0	0.00
Argall BID	£65,000	£50,000	£115,000	£210,000	1.83
Astmoor Industrial Estate	£138,980	£6,000	£144,980	£0	0.00
Blackburn EDZ BID	£152,300	£0	£152,300	£0	0.00
Cannock Chase BID	£137,000	£0	£137,000	£0	0.00
Clacksfirst	£102,000	£120,000	£222,000	£20,000	0.09
Garratt Business Park BID	£58,820	£35,899	£94,719	£0	0.00
Hainault BID	£51,487	£15,000	£66,487	£0	0.00
IEP BID (Bolton)	£426,596	£29,000	£455,596	£0	0.00
KIPPA BID LTD	£45,000	£0	£45,000	£0	0.00
Lancing Business Park	£118,892	£0	£118,892	£0	0.00
London Riverside BID	£157,358	£223,000	£380,358	£0	0.00
Longhill & Sandgate BID	£45,882	£0	£45,882	£0	0.00
Segensworth BID	£162,000	£0	£162,000	£415,000	2.56
Willow BID	£50,000	£0	£50,000	£11,000	0.22
Winsford	£84,833	£5,000	£89,833	£0	0.00
Total	£1,850,578	£483,899	£2,334,477	£656,000	0.26

Renewed BIDS highlighted in blue ■ Combined-Income Investment Ratio of Greater than 1



Figure 7.11 outlines the key investment project types that are emerging from Industrial BID respondents in the 2010/11 survey. The two BIDs mentioned previously (i.e. Argall and Segensworth) have both contributed substantially to Figure 7.11 in terms of project investment. Argall has seen significant investment of £150k in a project relating to Environmental and Carbon Reduction while Segensworth has witnessed £150k investment in crime prevention, £200k in transport and a further £45k in marketing and events. It is clear that the investment project types funded in Industrial areas will be more closely related to potential infrastructure improvements, the improvement to the environment or the prevention of crime as these are the largest challenges facing Industrial BIDs.

From a risk reduction perspective it is also interesting to analyse the number of investment streams that have been utilised. Figure 7.12 shows that of the 4 Industrial BIDs who help facilitate further investment beyond the BID bank account 2 BIDs (Clacksfirst and Willow) relied on just one investment stream, while the other two BIDs (Argall and Segensworth) benefited from 5 separate investment streams. It is also no coincidence that the latter two BIDs also attracted the higher investment to the area, as more projects result in greater investment potential and less long term risk to the BID area. The number of investment streams for Industrial BIDs is much lower than City/Town Centre BIDs and this is reflective of the type of projects that are likely to be financed in Industrial areas and the lack of a wider regeneration agenda in these locations.

Table 7.7 illustrates the Industrial BID areas which are benefiting the most from a positive investment multiplier effect. It is clear that of the 16 Industrial BIDs who have participated in this year's survey only 4 BIDs have generated additional investment for their area and therefore have created a multiplier effect. Of these 4 BIDs, two have achieved a notable performance level comparable with the highest performing City/Town Centre BIDs. Argall have achieved a Combined Income-Investment ratio of 1:1.83 while Segensworth achieved a ratio of 1:2.56 equating to £2.56 for every £1 of combined BID levy and Additional income generated in the BID area. However, some caution in these figures remains given that it is difficult to extract the direct impact that the BID has made to this additional investment and to establish if the investment would have occurred without the presence of the BID. Clacksfirst with a ratio of 1:0.09 and Willow with a ratio of 1:0.22 have also had a positive investment impact for their wider BID area. This shows that despite the out of town locations and the specialist nature of the Industrial BID types there is still the potential to generate wider investment value to these areas. It is unlikely that Industrial BID investment can rival the scale achieved by the City/Town Centre BIDs, however it is significant that in times when the Town Centres are prioritised from both a policy and funding perspective that Industrial BIDs can still generate investment potential and wider area benefits.



7.4 Recessionary Impact on Public Services

Figure 7.13 shows that in the past year, 5 (31.3%) Industrial BIDs have experienced Council reduction/termination of their public services within the BID area. Once again the reduction/termination of a public service should not be taken to mean this has automatically been taken on by the BID as local government finances and services may have been streamlined or combined with other areas. This compares closely to the number of City/Town Centre BIDs (21 or 31.8%) who also experienced a reduction/termination of services, showing that there was no difference in the in town and out-of-town locations. No details were provided on the service cuts but if these followed the same trend as the City/Town Centre BIDs they were likely to focus around cleansing services and crime prevention and this therefore supports the BIDs undertaking innovation projects in these areas.

Figure 7.14 shows that of the BIDs that responded the key Council Services that were taken on by the Industrial BIDs fell into the Cleaning, Marketing and Events and Other categories. In contrast to the City/Town Centre BIDs (38 services) only 4 services across all 16 BIDs have been fully taken on by the Industrial BIDs, showing that they are less active in service provision than their City/Town Centre counterparts. Once again no details were provided on these but it is clear that in comparison to City/Town Centre BIDs there are not the same opportunities or indeed need for the Industrial BIDs to take on Council Services. Whether this position is likely to change in the future is unknown especially with the increasing local government funding

restrictions and efficiency savings sought. However, Industrial BID areas given their out-of-town locations and the specialist nature of the businesses located in these areas ,may struggle to create the additionality expected of a BID project making it difficult to justify these areas assuming additional council services.

Figure 7.13 Reduction/Termination of Public Service in Industrial BIDs

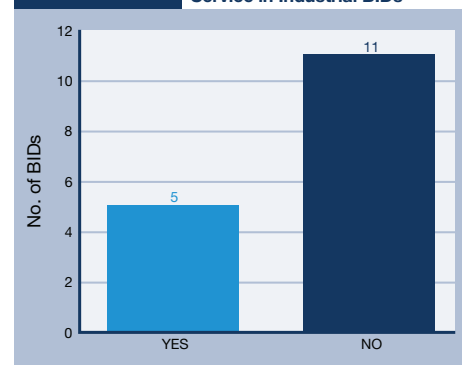
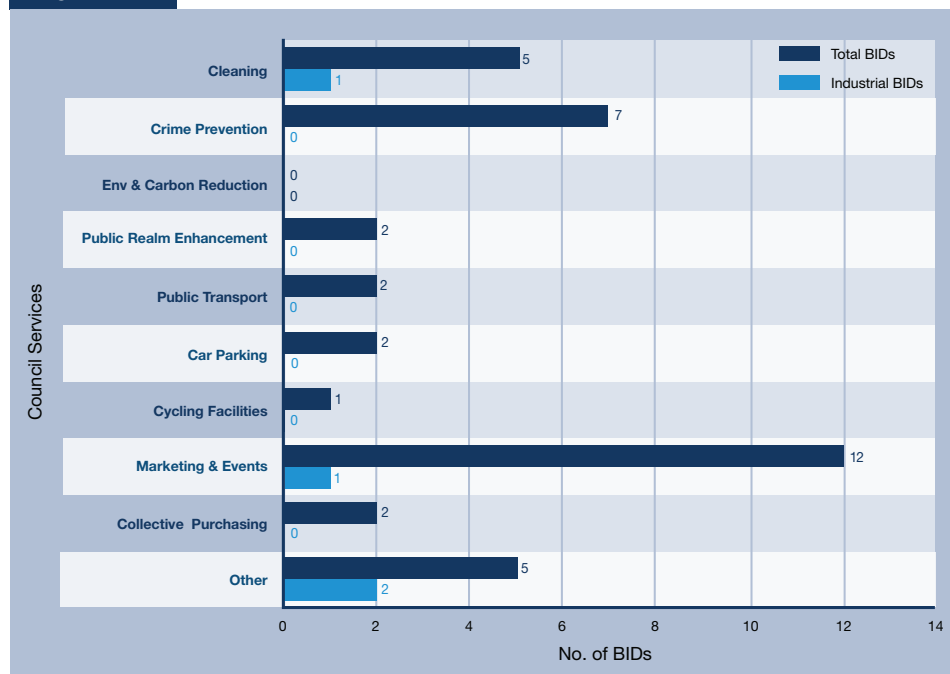


Figure 7.14 Council Service Taken on by Industrial BIDs 2010/11



7.5 Key Findings

- There are currently 26 Industrial BIDs which makes up 23.2% of the total 112 BID population in the UK and Ireland, of which 16 Industrial BIDs responded to this year's survey.
- Over 56% of the Industrial BIDs (9 BIDs) are collecting a BID Levy from more than 95% of businesses within their BID boundary catchment compared to 44% (4 BIDs) in 2009/10.
- An increase in BID levy collection efficiency was demonstrated by 6 out of the 7 Industrial BIDs, for which there was 2 year comparable income detail, showed 22.5% or a £19,251 increase in the BID levy income, despite an average reduction in hereditament size of 13.2%.
- 53.3% of Industrial BID respondents currently face no levy collection charge, with a slight drop also experienced in the higher cost category of £10-20,000.
- The lowest levy collection charge was £628 charged to Garratt Business Park (69 hereditaments) compared to the highest fee of £17,904 faced by London Riverside (250 hereditaments).
- The average number of hereditaments in Industrial BIDs is currently 209 properties in 2010/11 compared to 183 in 2009/10, and significantly less than the average 590 properties in the City/Town Centre BIDs.
- The BID unit charges differed greatly with some Industrial BIDs paying as little as £6.28 (Lancing Business Park) whereas others faced a unit charge of £71.62 (London Riverside). One BID (IEP BID, Bolton) managed to negotiate a reduction in their BID unit costs from £38 in 2009/10 to £27.25 despite a static number of hereditaments. This implies that no set formula is being applied and some BIDs need to become more proactive in negotiating these charges.
- Of the 4 renewed Industrial BIDs none of these extended their BID boundary compared to 37.5% of the City/Town Centre BIDs which opted to increase their BID boundaries. Industrial BIDs approaching renewal may need to consider this opportunity to increase the number of properties liable to pay the BID levy.
- The BID levy rates being charged by Industrial BIDs has increased, in part due to the increased survey response but also due to BIDs passing through the renewal phase who have opted for a higher levy rate.
- There is more noticeable use of the variable rate amongst Industrial BIDs (43.7%) than City/Town Centre BIDs (9.8%), reflecting the difference in scale and business type within Industrial Parks compared to City/Town Centres.
- Contrastingly, more City/Town Centre BIDs (75.8%) use Rateable Value (RV) thresholds compared to Industrial BIDs (18.8%), demonstrating the attempts made by Industrial BIDs to maximise levy income through reducing exemptions. Similarly, BID levy discounts are more prevalent amongst City/Town Centre BIDs (42.4%) compared to just (6.3%) in Industrial BIDs as a result of the limited inclusion of business types (charities/shopping centres) likely to qualify for any discounts.
- Industrial BIDs implemented innovative projects in crime prevention (62.5%), Marketing and Events (50%) and Cleaning (43.8%), with a substantial increase in the total number of innovative projects from 14 to 47 over the past year.
- Innovative cleaning projects included Blackburn EDZ employing business wardens, Cannock Chase conducting fortnightly litter picks and Lancing Business Park employing a grounds maintenance contractor to enhance area aesthetics.
- Innovative crime prevention projects included installation of CCTV and ANPR cameras and improved fencing across the majority of BIDs, while KIPPA Ltd provided the Police's SNT with a car and Winsford introduced mobile security patrols.
- Innovative marketing and events projects included signage by Cannock Chase, networking events by Hainault, breakfast meetings by Lancing Business Park and an annual estate business award event by Winsford.
- In keeping with the City/Town Centre responses an increasing number of Industrial BIDs have attempted to commercialise their BID supplies and services, with an increase from 5 to 26 projects in the past year.
- The three key areas for commercialisation of Industrial BID supplies and services included waste management and recycling (34.6%), energy costs (23.1%) and insurance (23.1%).
- Commercialisation projects include Garratt Business Park discussing collective waste management and recycling, Lancing exploring recycling services for paper/card and negotiating with various suppliers on discount rates, Segensworth negotiating with a group of procurement specialists, and IEP BID (Bolton) negotiating discounts for BID membership on risk insurance and are currently testing a joint energy/utility project with a partner company.
- A total of 8 of the 16 Industrial BIDs amassed a cumulative additional BID income of approaching £484k representing a 14.4% or £60,799 increase on last year. However, this increase was influenced by the inclusion of 16 instead of 9 BIDs for the 2010/11 survey, showing that 7 extra BIDs contributed the equivalent of £8,686 per BID.
- Average income generated across Industrial BIDs dropped from £47,011 in 2009/10 to £30,244 in 2010/11 or a (35.7%) drop in average income levels.
- Only 2 BIDs showed an increase over the last year, Garratt Business Park (156%) and London Riverside (30%), with the latter producing income streams of £223k comparable with many City/Town Centre BIDs.
- There has been a contraction in actual income sources from 6 in 2009/10 to 4 in 2010/11 with Local Government (£87k), Property Owners (£24k) Sponsorship (£1k) and Other (£372k - including grants from the LDA and Thames Gateway Development Corporation Grant).
- The clear reduction in the amount of Central and Regional Government funding (£123k) compared to the previous year will necessitate Industrial BIDs to continue to be innovative in sourcing additional income in the future.

- Industrial BIDs are less risk diverse than their City/Town Centre BID counterparts with the number of sources of income concentrated around 1-2 streams for Industrial compared to 2-5 streams in City/Town Centre BIDs. This shows Industrial BIDs are more at risk to a change in funding resources in the future, especially if the Government funding continues to contract.
- The average leverage obtained by the Industrial BIDs as demonstrated by the levy-income ratio was positive with a ratio of 1:0.28 returned, meaning that an extra 28 pence was generated for every £1 of BID levy income, which compares favourably with the City/Town Centre ratio of 1:0.35.
- Clacksfirst with a levy-income ratio of 1:1.18 and London Riverside with a ratio of 1:1.42 returned the two highest multipliers for the Industrial BIDs.
- A total of 4 Industrial BIDs helped to attract £656k in additional investment or an average of £164k per BID. However, the majority of this amount was generated by two BIDs (Argall, £210k and Segensworth, £415k) resulting in a more realistic average being just over £15k.
- Industrial BID investment is best suited to improving the local environment, transport infrastructure and crime prevention rather than the wider regeneration issues dominated by City/Town Centre BIDs.
- Argall and Segensworth have been instrumental in attracting investment for projects relating to in the former's case environmental and carbon reduction and in the latter's case crime prevention, transport and marketing and events.
- The number of investment streams on average is lower for Industrial BIDs than City/Town Centre BIDs again reflecting the increased threat to investing in an industrial area when returns are not proportionate to the risk.
- The average combined income-investment ratio for the Industrial BIDs was 1:0.26 significantly lower than the City/Town Centre BIDs leverage of 1:2.71. However this once again emphasises the difference in the two areas capability in attracting investment and does not represent a failing on the part of Industrial BIDs who should still be commended on achieving a positive investment multiplier.
- Argall (1:1.83) and Segensworth (1:2.56) both returned impressive income to investment leverage ratios demonstrating that Industrial BIDs can still help facilitate wider investment opportunities.
- Industrial BIDs have been similarly affected by Council termination of Public Services (31.3%) compared to City/Town Centre BIDs (31.8%), showing little difference between in town and out-of-town locations with regards to service cuts.
- However, Industrial BIDs (4 projects) have taken on less responsibility for providing alternatives to these service cuts than City/Town Centre BIDs (38 projects), perhaps down to difficulties in producing additionality to the BID area.



8.0 Conclusions



The future of Business Improvement Districts will be influenced by the out-workings of the Decentralisation agenda within the Localism Bill and Government proposals for local retention of the uplift in business rates. BIDs are already playing a crucial role as champions within a local area and as such could be described as 'localism in action'. Under the Local Government Resource Review (DCLG, 2011) proposals to enable local authorities in England to retain a share of the growth in their local business rates should potentially provide the financial stimulus to facilitate economic growth in local communities. In essence, local authorities will be incentivised to promote growth through proactive development and investment in partnership with the private sector. This may in turn have the effect of encouraging planning authorities to focus on development away from town centre where land assembly is easier and therefore additional business rates potential far greater. In some circumstances the Government may consider that relative to the baseline, the level of business rates within a local authority do not meet the pressing demands placed on local services. Under the reset principle fixed amounts of business rates could either be taken from those councils with high levels of business rates or given to those councils with low levels of business rates²².

The Localism Bill is also proposing to ensure a referendum of local businesses is required in authorising any business rate supplement, as already happens in Business Improvement Districts. The Bill is proposing to allow councils to introduce local business rate discounts, funded by local authorities. Arguably, the decentralisation and localism agenda presents significant opportunities and challenges in the way local governance operates and is funded, but to be successful it is imperative that budgets follow service provision and delivery²³. In this regard government clearly sees mechanisms such as BIDs playing a significant role in facilitating economic growth and service delivery within their designated areas by providing genuine dialogue and engagement with business. The Nationwide BID Survey 2011 analyses the performance, levy collection, additional leveraged funding, project delivery and innovation of BIDs, including best practice models of partnership in the UK and Ireland. The Nationwide BID Survey 2011 also carries a number of interesting features this year namely the capacity to compare results with last year's findings where it is compatible to do so; and the ability to distinguish between City/Town Centre BIDs and Industrial BIDs respectively.

The key conclusions/findings of the research are considered for City/Town Centre BIDs and Industrial BIDs respectively as follows:

²² Department of Communities and Local Government, Local Government Resource Review: Proposals for Business Rates Retention, Consultation, London, July 2011

²³ British BIDs Leadership Network, Localism: What does it mean for BIDs, www.britishtbids.info



8.1 City/Town Centre BIDs

City/Town Centres, and specifically the high streets, are facing major challenges as a consequence of the economic downturn and recessionary pressures on prime locations. The vitality of the town centre is under great pressure with average vacancy rates across the country at 14.5%, according to the Local Data Company as at Sept 2011, whilst there remains an imperative with regard to local government finance to extract income from their town centres through aspects such as increased car parking charges thereby making the town centre environment less competitive. Priority policy areas are needed to address key strategic issues by giving local authorities greater responsibility for their finances, encouraging incentives to raise additional finance in partnership with the private sector and creating certainty for businesses to invest for the long term. Any growth in business rates within a local authority area, and specifically a BID location, should be ring fenced and hypothecated to stimulate further growth through local service delivery, area based regeneration and infrastructural development. The strength of BIDs as a private sector led partnership is their ability to raise finance through the BID levy rate, to leverage additional income and investment, and to reinvest in their local trading environment for medium to longer term economic growth and service provision.

Chapter 3 of the Nationwide BID survey presented evidence of increased efficiency in the collection of BID levies compared to last year, with the levy income now collected from a significantly higher proportion of businesses. However, the impact of the economic downturn has been felt with varied BID levy income levels across the City/Town Centre BIDs. This is further reflected in a decrease in the average BID levy income for City/Town Centre BIDs in comparison to last year's average. To help support local businesses in the difficult recessionary period the

majority of BIDs did not apply an inflationary factor to their BID levy this year. BID levy collection unit cost, (the cost of collection divided by the number of hereditaments), continues to vary significantly across the BID population, with the London BIDs continuing to face a much higher unit cost than elsewhere in the UK for the same service. Significantly, on a positive note there has been a small reduction in the average unit cost compared to last year and an increase in the number of BIDs now facing no collection charge. The 1% levy rate continues to be the most common although an increasing number of small town centre BIDs are starting to show a corresponding increase in the 1-2% rate for viability reasons. Finally, the majority of City/Town Centre BIDs continue to use rateable value thresholds to reduce the levy liability of small businesses in their BID area.

Chapter 4 outlined that despite the current economic environment BIDs continue to make concerted efforts in attracting income over and above the BID levy, although sourcing new income remains increasingly challenging. This sourcing of funding is beginning to change with the abolishment of the regional government tier which will see tail-end funding end this year and a greater reliance placed on local and national government as key funding sources. This could be problematic in terms of the ongoing squeeze on public finances, necessitating BIDs to become more innovative and expansive in their search for additional income sources. There has been some evidence of public services being reduced/terminated, in particular street cleansing and park services. There is also an increasing indication that BIDs are taking on more service provision with a doubling of last year's service provision figure. This remains mainly in the marketing and events, crime prevention and cleaning services areas, with the service and accompanying budget transferred to the BID.

Chapter 4 also highlights that at an individual BID level there has been the emergence of three clear categories, notably 1st term BIDs, advanced 1st term BIDs and renewed BIDs, with the income generation capabilities significantly increasing alongside BID maturity. Ratio analysis of additional income relative to BID levy income across City/Town Centre BIDs illustrates that the BID model continues to create a positive multiplier effect and increases the revenue generation capacity of BID areas. Interestingly, this year's survey also presented evidence of investment leverage, with a positive combined income to investment ratio of 1:1.07 returned for City/Town Centre BIDs. This investment potential of BIDs over and beyond the BID company bank account provides further evidence of BIDs helping generate wider regeneration impacts. Furthermore, the wider role of BIDs in areas such as tourism and the possible introduction of Tourism BIDs, or TBIDs as they are being referred to, demonstrates the further potential of BIDs to expand beyond the traditional BID model.

Chapter 5 explored the issue of innovation and presented proof that the majority of City/Town Centre BIDs continue to introduce innovative projects to help gain further funding or improve the efficiency of their commercial operations. This year's results suggest that BIDs are reducing their exposure to risk by diversifying their innovation projects across a number of areas such as marketing and events, crime prevention, environmental and carbon reduction, public realm, cleaning and transport. Whilst the chapter presents a clear outline of all areas of innovation there are some key emerging trends. Firstly, the introduction of audits as a key part of BID activity with crime and design audits, carbon audits and green infrastructure audits all undertaken as part of a strategic approach to BID service delivery. Secondly, the introduction of a number of fun family events and discounts or funded reductions in cost prices for transport and marketing purposes. This has helped stimulate footfall in City/Town Centres at a time when High Streets were feeling the pinch with customer spending reductions. Thirdly, although outside of the survey period, there is anecdotal evidence to suggest that the BIDs provided an essential co-ordination role during the recent civil unrest providing critical advice, support and guidance to business owners and the local community.

Chapter 5 also demonstrated a considerable increase in commercialisation activities particularly in waste management, energy and marketing and events where it is easiest to make quick commercial gains. A selection of these commercialisation activities included joint procurement initiatives providing discounts to BID payers, town centre promotional campaigns and discount cards and service provider partnerships to provide cheaper utilities. There is also evidence of some BIDs becoming more advanced in their commercialisation activities and building upon previous years experience, with this area likely to expand dramatically in the future as cost efficiency continues to be central to BID service delivery.

Chapter 6 focused on the response of both City/Town Centre and Industrial BIDs to the decentralisation agenda and Localism Bill. This chapter clearly outlined the key potential role that BIDs will play in delivering localism given their current local service provision responsibilities and how a number of BIDs are already considering their localism function. Engagement areas with bodies such as retail business crime partnerships, community safety partnerships, local authorities and neighbourhood planning forums already show high levels of BID involvement. However, BIDs will need to consider their residential engagement and Local Enterprise Partnership roles going forward as these areas have returned a variable response

across the BID population and both of these could become fundamental to the delivery of local area based projects.

Chapter 6 also outlined how BIDs will require a robust defence in responding to proposals contained within the Bill on policy matters concerning business rate changes, competing neighbourhood forum priorities and the community veto of business development plans in BID areas. However, recent dialogue amongst BID leaders has supported the decentralisation and localism agenda advocating the role of BIDs in leading localism locally and how they can perform a co-ordinating role for managing change. Embracing this new agenda in an open minded way is key to the evolving role of BIDs moving forward and may become a key proposal theme in many BIDs approaching renewal who wish to capitalise on this co-ordinating role to provide the multi-faceted structure needed for collaborative working and partnership building. Indeed, collaborative working across BIDs will require further action necessitating stronger communication linkages, open exchange of ideas, partnership arrangements and forging stakeholder relationships.

Town Centres have never been under so much review with high profile research such as the Mary Portas review into the future of the High Street and other reviews of High Street vacancy often painting a damning picture. However, while there is undoubtedly a long way to go before customer spending reaches a sustainable level that is conducive to High Street vitality there are some causes for optimism. The fact that town centres are gaining publicity through these high profile reports and government initiatives, such as the recent Scottish Town Centre Regeneration Fund or the Welsh Future of Town Centres Inquiry, shows that it is high up the political agenda. Furthermore, it provides the BIDs model with the opportunity to herald its previous achievements and potential future role in Town Centres as part of the best way forward. This survey report has demonstrated that City/Town Centre BIDs have once again provided clear support for the continuation of the BID model. It has also further highlighted the ongoing potential income generation, efficiency gains, innovation, policy impacts and investment creation that BIDs can deliver. Therefore the coming years could well provide vast opportunities for BIDs to usher in a new future vision for Town Centres and in so doing establish their role as the key conduit in local service delivery and town centre funding co-ordination. This relies on building upon past experiences and learning from the best practice of the BIDs model both locally and internationally.

8.2 Industrial BIDs

The Nationwide BID Survey 2011 this year devoted a specific chapter to Industrial BIDs in recognition of the increasing number and the growing maturity of BIDs within this cohort. Industrial BIDs are now accounting for nearly a quarter of the total BIDs population and are therefore becoming more significant in terms of their outreach impact. Chapter 7 highlights that Industrial BIDs are slowly becoming more efficient in their BID levy collection and this is starting to be rewarded by increased BID levy incomes. Over half of the Industrial BID sample currently faces no collection charge with unit costs as one might expect significantly lower than the City/Town Centre BIDs in the absence of a daily collection charge. The size of Industrial BIDs also tends to be significantly smaller than City/Town Centre BIDs and in general these follow the Industrial Park boundaries and therefore operate at full levy generation capacity. However a balance still needs to be maintained between the lack of a daily collection charge and the perceived cost savings on these collection charges to ensure that the maximum levy income can be achieved. There remains a more noticeable use of the variable rate amongst Industrial BIDs compared to City/Town Centre BIDs, reflecting the difference in scale and business type between the two BID categories.

Chapter 7 reveals that Industrial BIDs have this year become more proactive than last year in implementing innovative projects with a substantial increase in crime prevention, marketing and events and cleaning projects. Again as security is central to the effective operation of Industrial BIDs there was a high number of BIDs specialising in CCTV and ANPR cameras and wider mobile security patrols. Similar to City/Town Centre BID responses an increasing number of Industrial BIDs have attempted to commercialise their BID supplies and services, in particular within the waste management and recycling, energy costs and insurance areas. Projects in these areas are returning rewards on the same level as their City/Town Centre counterparts despite significantly fewer resources.

The additional direct income from Industrial BIDs has increased for this year primarily due to more Industrial BIDs responding to the survey, as reflected by the actual average additional income decreasing by over a third on last year. Industrial BIDs are less risk diverse than their City/Town Centre BID counterparts with the number of sources of income concentrated around 1-2 streams compared to 2-5 streams in City/Town Centre BIDs. This potentially places Industrial BIDs at more risk of future funding shortages especially with a continuation of the central government funding contraction they suffered this year, necessitating Industrial BIDs to become more enterprising and innovative in sourcing additional income.

Chapter 7 illustrates that the average leverage obtained by Industrial BIDs as demonstrated by the levy-income ratio was positive, with a ratio of 1:0.28, which compares favourably with the City/Town Centre ratio of 1:0.35. A positive investment leverage ratio of 1:0.26 was also returned but as expected this is much reduced on the City/Town Centre BIDs investment leverage potential. Industrial BID investment, whilst small, is best suited to improving the local environment, transport infrastructure and crime prevention rather than the wider regeneration issues dominating City/Town Centre BIDs. As in the case of the City/Town Centre BIDs, the Industrial BIDs have been affected by Council termination of public services. However, Industrial BIDs have taken on less responsibility for delivering these services in their BID area.

Industrial BIDs, whilst not having the resources or policy impact to influence in the same way as City/Town Centre BIDs, still demonstrate significant additionality to their BID areas. They continue to be dominated by security driven solutions although there is evidence of wider innovation in other areas, particularly their commercialisation activities. The increasing number of Industrial BIDs and the maturity of the renewed BIDs in this area will enable this specialist BID type to gain greater exposure and ensure best practice can be established. This in turn will enable further in-class comparison that can better reflect the strengths of Industrial BIDs in their own right rather than perceived weaknesses when compared to the vastly different City/Town Centre BIDs.

8.3 Closing Statement

BIDs will continue to play an important role in terms of innovative local service delivery and the co-ordination of funding in response to public sector finance efficiencies and ongoing policy changes. The strength of the BID model continues to grow especially as BIDs reach maturity and the lessons learnt from these renewed BIDs get fed back into the wider BID community. However the dynamic nature of BIDs will become increasingly tested through a continued squeeze on public spending and the changing investor risk profile which will see only the most robust business plans gain additional funding. This income generation and the wider investment potential of the BID model needs to be safeguarded and supplemented where necessary by complementary financing models such as TIFs and Local Asset Backed Vehicles (LABVs) to ensure town and city centres maximise their regeneration delivery capabilities. However, it is clear that the BID model continues to deliver and while this is still the case then the benefit of this Business Improvement District approach will stand up to scrutiny.



Appendix 1 Listing of all BIDs in UK and Ireland and their Survey Responses Categorised by BID Type, Status and Response Over the Last Two Years

BID Name	BID Category	2010 Response	2011 Response
Albion Business Consortium*	Industrial	x	
Alloa Town Centre BID	City/Town Centre		x
Altham BID*	Industrial	x	x
Angel BID	City/Town Centre	x	x
Argall BID	Industrial	x	x
Astmoor BID	Industrial		x
Barnstaple Town Centre Management	City/Town Centre		x
Bathgate BID	City/Town Centre	x	x
Bayswater BID	City/Town Centre	x	x
Bedford BID*	City/Town Centre	x	
Beeston BID	City/Town Centre		x (NB)
Better Bankside*	City/Town Centre	x	x
Birmingham Broad Street BID*	City/Town Centre		x
Birmingham Retail BID	City/Town Centre		x
Birmingham Southside	City/Town Centre		x
Blackburn EDZ BID	Industrial		x
Blackpool South Shore BID	Industrial		
Blackpool Town Centre BID Ltd*	City/Town Centre		
Bolton Industrial Estate*	Industrial	x	x
Boston BID	City/Town Centre	x	x
Brackmills Industrial Estate BID	Industrial		
Brighton BID Ltd*	City/Town Centre	x	x
Bristol Broadmead BID*	City/Town Centre	x	x
Bury St Edmunds	City/Town Centre	x	x
Camden Town Unlimited*	City/Town Centre	x	x
Cannock Chase BID	Industrial		x
Canterbury Industrial Estate BID	Industrial		
Cater Business Park	Industrial		
Clacksfirst	Industrial		x
Clarkston BID	City/Town Centre		
Colmore Business District BID	City/Town Centre		x
Coventry City Centre*	City/Town Centre	x	x
Cowpen BID	Industrial		
Croydon Town Centre BID	City/Town Centre	x	x
Daventry BID	City/Town Centre	x	x
Derby Cathedral	City/Town Centre		
Dorchester BID Company Ltd	City/Town Centre	x	x
Dublin City BID Company Ltd	City/Town Centre		x
Dundalk BID	City/Town Centre		x
Dunfermline BID	City/Town Centre		
E11 (Leytonstone) BID	City/Town Centre	x	
Ealing Broadway BID*	City/Town Centre	x	x
Elgin BID	City/Town Centre		
Erdington Town Centre Partnership BID	City/Town Centre		
Essential Edinburgh	City/Town Centre	x	x
Falkirk BID*	City/Town Centre	x	x
Falmouth BID	City/Town Centre	x	
Future Bath Plus	City/Town Centre		x (NB)
Garratt Business Park	Industrial	x	x
Great Yarmouth BID*	City/Town Centre		x
Hainault Business Park*	Industrial	x	x
Halebank Industrial Estate BID	Industrial		
Hammersmith London*	City/Town Centre	x	x
Hams Hall BID	Industrial		
Heart of London*	City/Town Centre	x	x
Hinckley BID	City/Town Centre	x	x

* = Renewed BID NB = New BID

BID Name	BID Category	2010 Response	2011 Response
Hinckley BID	City/Town Centre	x	x
Hitchin BID	City/Town Centre	x	
Hull BID	City/Town Centre	x	x
Ilford BID	City/Town Centre		x
inmidtown*	City/Town Centre	x	x
inSwindon	City/Town Centre	x	x
Inverness BID	City/Town Centre		x
Ipswich Central	City/Town Centre	x	x
Kimpton Industrial Park	Industrial	x	x
Kings Heath BID	City/Town Centre		x
Kingston First*	City/Town Centre	x	x
Kirkcaldy BID	City/Town Centre		x
Lancing Business Park BID	Industrial		x
Langthwaite BID	Industrial		
Lincoln BIG BID	City/Town Centre	x	x
Liverpool City Central BID	City/Town Centre		x
London Riverside BID	Industrial	x	x
Longhill & Sandgate Industrial Area BID	Industrial		x
Mansfield BID	City/Town Centre		x
New West End Company*	City/Town Centre	x	x
Newcastle BID	City/Town Centre	x	x
Newquay	City/Town Centre		x (NB)
Northampton	City/Town Centre		x (NB)
Nottingham Leisure Partnership	City/Town Centre	x	x
Nottingham Retail	City/Town Centre		x (NB)
Oldham BID	City/Town Centre		x
Paddington*	City/Town Centre	x	x
Paignton	City/Town Centre		
Park Royal	Industrial		
Plymouth BID*	City/Town Centre	x	x
Preston BID	City/Town Centre		
Reading UK*	City/Town Centre	x	x
Royal Leamington Spa	City/Town Centre	x	
Royston First	City/Town Centre	x	x
Rugby*	City/Town Centre	x	x
Segensworth	Industrial		x
Skipton Gateway to the Dales	City/Town Centre	x	x
Sleaford (East Midlands) BID	City/Town Centre	x	
Solihull BID	City/Town Centre		x
Southern Cross Industrial Estate	Industrial		
Stratford-upon-Avon BID	City/Town Centre	x	x
Swansea BID*	City/Town Centre	x	x
Taunton BID	City/Town Centre		
Tavistock	City/Town Centre		
Team London Bridge*	City/Town Centre	x	x
Torquay	City/Town Centre	x	x
Totally Truro	City/Town Centre	x	x
Victoria BID	City/Town Centre	x	x
Waterloo Quarter Business Alliance*	City/Town Centre	x	x
Wellingborough BID	City/Town Centre		
Willow Lane	Industrial	x	x
Winchester BID	City/Town Centre	x	x
Winsford 1-5 BID*	Industrial		x
Witham	Industrial		
Worcester BID	City/Town Centre	x	x
Worthing BID	City/Town Centre	x	x
Total	£1,850,578	60	82

* = Renewed BID NB = New BID

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Published October 2011
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Report **December 2011**

RICS RESEARCH

BIDs, Economic Recession and
the Future of Stakeholder-led
Public Realm Management



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An aerial photograph of a city, likely San Francisco, showing a dense urban landscape with a mix of residential and commercial buildings. A large body of water is visible on the left side. The entire image is overlaid with a semi-transparent purple color.

BIDs, Economic Recession and the Future of Stakeholder-led Public Realm Management



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This work was funded by the RICS Education Trust, a registered charity established by RICS in 1955 to support research and education in the field of surveying.

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**RICS Research – BIDs, Economic Recession and
the Future of Stakeholder-led Public Realm Management**

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Introduction

Business Improvement Districts (BIDs) were introduced in the UK in 2003/2004 and their widespread adoption has been linked to their ability to raise funds to invest in the locality, through a mandatory supplementary levy on business rates, voluntary contributions, sponsorship and public sector grants. However, the economic downturn has already restricted those sources of funding, and public sector spending cuts are likely to restrict them even further. This case-study research has investigated the impact recession and spending cuts have had and are still likely to have on the way BIDs operate, and has identified the threats and opportunities to them as stakeholder-led instruments for the management of town centres and commercial and industrial areas.

The Research

The objectives of the research were threefold:

- To explore the assumptions that have underpinned the formation of BIDs and the impact on them of the current economic downturn;
- To examine the services delivered by BIDs as urban realm management organisations and the impact on those of potential constraints on public and private spending;
- To investigate the resilience or otherwise of BIDs as long-term solution to challenges to urban realm management.

The study was divided in two stages. The first comprised a short on-line survey of the around 100 BIDs in operation in October 2010, conducted with the support of UKBIDs, the UK national BIDs advisory service. The purpose of the survey was to provide a general picture of how the economic downturn and cuts in public spending might have affected or have threatened to affect BID incomes and the levels and types of services they provide.

The second stage was based on 10 in-depth case studies of BIDs across England, selected on the basis of their nature, location and nature of impacts as reported in the survey. The case studies sought to understand how those BIDs had been affected by recession and public spending cuts and what strategies they had been using to deal with any adverse impacts.

For each of the 10 cases, semi-structured interviews lasting up to 1¼ hours were conducted with a BID manager, and a relevant local authority officer (around 20 in total). In order to increase the robustness of the findings, interview data was complemented by documentary evidence from consultation documents, spending plans and other BID documents.



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Key Findings

- The success of BIDs so far comes from their ability to demonstrate to levy payers that they create value for them and can deliver real improvements to their area. This holds true now as it did before. However, the harshening economic climate has intensified the need for BIDs to be accountable to levy payers and to work to an agenda of interventions with the widest possible support among them.
- As expected, recession and spending cuts have affected negatively BID incomes, but so far only marginally. Levy income, the largest source of income for most BIDs, has remained relatively stable, as has local authority in-kind support. However, there has been a general reduction in the availability of public sector grants, private sponsorship and other forms of additional income. The impact of this has been varied, and more serious on BIDs with pre-recession business plans, which relied on those sources of income to deliver on key agenda items
- Programmes and activities run by BIDs are still overwhelmingly dominated by 'safe and secure' and 'marketing and events' issues. Recession and spending cuts have had so far only a limited impact on them, with funding shortfalls being compensated by reallocation of resources. However, the disappearance of grants and other additional income has caused some BIDs to postpone or interrupt important projects. Grants have also been vital for any significant capital expenditure, and this is now out of reach for many smaller BIDs. Moreover, the full effect of cuts in local authority services is still to be felt, and many BIDs are now grappling with the question of whether they could or should step in.
- BIDs have had to readjust their expectations of income and delivery potential to a much leaner economic and funding environment. Some BIDs have narrowed their focus towards a few core activities; others are re-thinking their roles and embracing new ones as service delivery organisations, community enterprises, business support entities, pressure groups, and so forth. This suggests the emergence of different 'models' of BIDs for different contexts, which are likely to become more evident as BIDs consolidate their roles in the management of their areas
- The implications for the public realm of the evolution and consolidation of BIDs will be varied. Some BIDs are likely to play an increasing role in the delivery of public realm services and the shaping of public realm quality. In those places, the existence of adequate mechanisms to harmonise the interests of levy payers with other local stakeholders will be of great importance. Others will only have an occasional impact on the public realm, with a more pronounced role of the local authority in mediating that impact. Others will still have a minimal role in public realm management, acting more as monitors for levels of quality delivered through local authority programmes.
- Understanding in more detail how different BIDs operate, is becoming an important part of critically thinking about urban governance. This requires a clear understanding of the aspirations BIDs represent, of how those aspirations relate to other interests affecting town/city centres and industrial areas and to broader policy objectives for those areas, and how these are shaped by fluctuations in the economy.



1.0 Introduction

Over the last two decades, there has been a noticeable emergence of forms of urban realm management in the UK challenging established roles of the state and civil society. These include those privately owned and managed parts of the urban realm – the so-called private public space; the takeover of the management of parks and other public areas by community trusts, the voluntary town centre management schemes run by local businesses in partnership with local authorities of which there are about 600; more to the point of this research, Business Improvement Districts (BIDs).

The rationale driving this process has been linked to approaches to urban governance inspired by theories that advocate the sharing of governance responsibilities with stakeholders outside the public sector and put an emphasis on partnerships and collaboration in the provision of public goods and services (Sullivan and Skelcher, 2002). The recent emergence of the 'Big Society' agenda gives an added impetus to this drive toward alternative forms of service provision and governance, with its emphasis on an increasing role for civil society in managing its own affairs (CLG, 2010).

For occupiers and owners of commercial property, engagement with collaborative public realm management would come from potential advantages to businesses and the value of assets to be gained by having some degree of control over their immediate surroundings as regards safety, cleanliness, amenity value and so forth, and by securing a level of public realm quality that might make their location more competitive. This becomes more important when seen in a context in which public investment in the quality of the urban realm experienced a decline for much of the last 25 years (ODPM, 2004), and the reversal of this trend since the middle of the last decade might now be under threat from local authority spending cuts.

From the public sector perspective, stakeholder involvement in governance and service delivery should secure more efficient, demand sensitive and differentiated ways of delivering services and manage spaces; access to resources of various kinds beyond declining public sector budgets, a more effective way of ensuring that towns and cities remain viable and competitive vis-à-vis other de-centralised and less desirable spatial arrangements of people and economic activities (Audit Commission, 2002).

BIDs are perhaps the more sophisticated form of these stakeholder-based urban realm management arrangements. A relatively recent import from North America, they were regulated in 2004 with the first UK BIDs coming to existence at the end of that year. They are in essence, a time-limited partnership of business ratepayers with their local authority, with powers to decide on an extra levy, which is then ring-fenced to pay for additional services and improvements in their locality for the usually 5-year term of the BID. Once voted and approved, the levy has a compulsory character for all businesses in that area, thus removing the free rider problem, which has beset voluntary arrangements of a similar nature.

However, in spite of their apparent success and increasing ubiquity, all these forms of public realm management have been developed and gained ground in a context of continuous economic growth. Until recently, the re-think of state-dominated provision systems for all kinds of public goods and services could rely on the buoyancy of the economy and the potential capacity of private stakeholders to absorb the costs of managing the goods and services on which they had a stake. We are now in a very different context. The pressure for cuts in public spending is likely to be a constant for years to come, and private stakeholders might find difficult to cover the gap those cuts will create while, at the same time, needing more than before the quality of public realm that those management forms can make possible.

Therefore, there is a need now to examine how stakeholder-led public realm management mechanisms such as BIDs are reacting to a changing economic environment and what the perspectives are for them, and for the localities of whose governance they have become a part.

RICS Research – BIDs, Economic Recession and the Future of Stakeholder-led Public Realm Management

2.0 Background

2.1 Underpinnings and characterisation of UK BIDs

A BID is a time-limited, flexible funding mechanism to improve and manage a clearly defined commercial area. It is based on the principle of an additional levy on all defined ratepayers following a majority vote. Once the vote is successful, which must achieve both a majority in terms of number of ratepayers and the proportion of their rateable value, the levy becomes mandatory on all defined ratepayers for the duration of the BID and is treated in the same way as the Business Rate (i.e. the UK tax on commercial property), becoming a statutory debt (ALG, 2005).

As a governance mechanism, BIDs are contractual partnerships for urban realm management through which some rights over the management of a locality are transferred from to the local government to ratepayers (Peel et al., 2009). In this regard, BIDs embody an implicit recognition of the club good nature of many urban realm attributes (Webster, 2002). They do so by transferring some managerial control and responsibilities for those attributes of the locality such as the degree of cleanliness or, safety, place image and so forth, to those with a direct stake in them. The assumption underlying this transfer is that the quality of the urban realm will influence the success of businesses or the value of property assets, and therefore commercial occupiers and property owners might be prepared to invest resources in it, above and beyond the levels of investment that society would be able or prepared to contemplate. Unlocking these resources (financial and otherwise), would represent an efficient approach to managing the public realm, especially when demands surpass the ability of the public sector to meet them. Moreover, at least in theory, BIDs should lead to urban realm management regimes that are more sensitive to users' demands and more flexible to changes in user aspirations.

The origins of BID as an instrument of urban management are well documented (see Morçöl et al., 2008; Ward, 2006). First conceived in Toronto in the late 1960s, BIDs gained rapid ground in the US in subsequent years, as an evolution of policy measures that allowed designated locations to raise extra taxes to pay for services and improvements. By the middle of the last decade, there were in excess of 1,000 BIDs in the whole of the US, and BIDs and BID-like organisations had been created in several other countries in the World.

Morçöl and Zimmerman (2008) connect the expansion of BIDs to privatist views about urban management and the relationship between citizens and local government, which became dominant in the 1980s. Similarly, Ward (2006) links the spread of BIDs in the US and later to the UK with the shift from managerial to entrepreneurial forms of urban governance, associated with the promotion of neo-liberal solutions to societal problems by successive New Labour governments. Whether or not the connection is as direct as he suggests, the fact remains that BIDs were perceived

from the start as a way of holding and reversing the dramatic decline in the economic health and environmental quality of formerly prosperous town and city centres of American cities, and of redirecting investment to those areas. Much of that decline was blamed on failures of local government, and BIDs represented a way of mobilising private interests to take over the management and reverse the decline. Successful, wealthy, corporate-driven BIDs in places like Times Square and Grand Central in New York came to symbolise what BIDs were about and what they could do, even if the reality for many US BIDs was in fact a bit more prosaic (see Gross, 2005).

This study suggests that the emergence of arrangements such as BIDs in the UK derives from two combined sets of factors. The first were changes in the context in which public services provision operates. Much has been written about the main thrust of government responses to the crises of the post-war welfare state in the 1970s (Hajer and Wagenaar, 2003; Kooiman, 1993; Leach and Percy-Smith, 2001; Pierre and Peters, 2000). For the sake of brevity, it suffices to say that policy efforts at national level to reduce the costs and size of government led to a curbing of powers and spending of local authorities and a redistribution of resources within public services. Public realm services suffered a 20-year steady decline in funding, which has only recently been reversed (DTLR, 2002; Audit Commission, 2002). It has also led to the flowing of power to a plethora of subsidiary bodies within and outside the formal boundaries of the state (Rhodes, 1997) giving rise to the need for forms of collaboration between different sectors and jurisdictions for the delivery of public goods and services (Sullivan and Skelcher, 2002).

The second set of factors came from new demands that were put on the urban realm by policy makers and society. The perceived need for cities to compete to attract the more footloose investment of the globalised economy led to an increasing concern with the vitality and viability of town and city centres and the role in this of public realm quality (see Urban Task Force, 1999; DETR, 2000). At the same time, changes in the nature of retail have exacerbated competition between locations, pitching traditional town centres against new retail formats in out-of-town locations, with profound implications for those operating business and owning property in central areas, as well as those depending on them to meet their needs. All these pressures have brought to the fore the need for urban realm management systems that are sensitive to locational differences.

The cumulative results of those contextual demands on the public realm have exacerbated the shortcomings of traditional local authority-based management systems. The main challenges include levels of funding, the lack of coordination among agencies, the lack of flexibility and fine-tuning ability of centralised management systems to respond to ever fragmented demands and increasing aspirations, the constraints on accountability at a very

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localised level by city-wide public organisations (De Magalhães and Carmona, 2006; ODPM, 2004). In light of this, BIDs and other contractualised public realm management mechanisms have been seen as a way of reconfiguring rights, roles and responsibilities to address those challenges (De Magalhães and Carmona, 2006).

The decline in investment and in the economic competitiveness of British town and city centre and the search for a solution that did not rely on public investment was behind the first moves to transfer the policy to the UK in the 1990s (Ward, 2006; Reeve, 2004). The first pilot BIDs in the UK were brought about through The Circle Initiative, a scheme that began in 2000 with Single Regeneration Budget funding from the London Development Agency to fund five pilot BID areas in central London over five years. This scheme was followed two years later by the National BID Pilot project, funded by the government, retail and property businesses and spearheaded by the Association of Town Centre Management. This project was set up to trial BID development in 22 areas around the UK in a variety of locations and circumstances, for a period of 3 years.

The aim was to see how BIDs would develop, in order to provide specific data and experiences that could inform legislation and help define a workable process for establishing and operating BIDs.

Already at the end of 2001, the Government White Paper on local government (DTLR 2001) had laid out the policy case for BIDS, and in less than two years later the Local Government Act 2003 received Royal Assent, with Part 4 referring to BIDs. BID regulations for England were passed in September 2004, allowing the first BID ballot to take place in Kingston, with a successful result later that year (ALG, 2005). Regulations for Wales followed suit (2005). BID legislation for Scotland was approved in 2006.

In the nearly 7 years since the passing of the regulations for England, more than 100 BIDs have been approved in the UK, with success in about 5 in each 6 BID proposals. About 20 of these BIDs are already in their second mandate, having gone through a new vote after the end of their original 5-year term (See Appendix 1 for a list of the 100 BIDs in existence in the autumn of 2010, and Figure 1 for their geographical distribution). At the time of writing, there was only one case of unsuccessful renewal vote.

Table 1 BIDs in operation in the UK: BIDs per region (October 2010).



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2.2 The UK BID model

The 2004 BID Regulations specify what conditions a BID proposal must fulfill to gain approval, how it should be funded, what it can do and how it can be made accountable to its stakeholders. Regulations for Wales are quite similar, and so are those for Scotland.

In order to set up a BID, interested parties have to consult all potential levy payers and submit to a vote the BID proposal, formalised in a Business Plan. The ballot must include all potential levy payers in a locality, and BID Business Plan should be set out who will be liable to pay the levy and who will not (particular types of businesses or those below a certain threshold of rateable value might be exempted). The local authority is a key player in overseeing the BID formation process, and is responsible for running the BID ballot. A successful BID needs to get a majority vote both in terms of numbers of voters and rateable value. The regulations for England do not establish a minimum turnout for the ballot, whereas the Scottish 2006 Act mentions a minimum turnout of 25% on both accounts (numbers and rateable value).

Once approved, the BID is constituted into a legal entity, normally a not-for-profit company with a management board with a majority of levy payers, often including representatives of the local authority, and occasionally residents and representatives of other important stakeholders with various degrees of voting rights.

The main statutory source of funds for a BID is the levy, which is normally but not necessarily calculated as a percentage of the rateable value for which the businesses taking part in the ballot are liable. For the majority of BIDs, the levy has been set around a figure of 1% of rateable value, although some BIDs have opted for flat fees, banding or graded levies. The levy is mandatory for all qualifying businesses within the BID area, regardless of whether they

voted in favour of the BID. UK BIDs differ significantly from BIDs in the US and elsewhere, where the levy is charged against property owners rather than occupiers of commercial property. This comes from the nature of taxes on commercial property in the UK, based on non-domestic rates for units of property (hereditaments), payable by property occupiers (Blackwell, 2008).

The BID levy is collected by the local authority and deposited in a special account from where it will be transferred to the BID to be spent in the proposals outlined in the Business Plan. An Operation Agreement between the BID and the local authority sets out how the levy is to be collected, how the money is transferred to the BID and who should cover the costs of collection and administration of the levy. Much of the appeal of the BID is the possibility that levy income will be complemented with income raised from grants from public sector programmes, voluntary contributions from property owners, sponsorship for particular events/projects and contributions in kind from the local authority and others.

The Business Plan approved in the ballot is a legally binding document and sets out clearly the services and activities the BID during its term of existence, how they are going to be funded and how the BID will be run. These normally include typical 'clean, green and safe' services such as CCTV and street cleansing, and place-marketing initiatives, although some BIDs also work to a business support agenda. Baseline agreements signed with the local authority and other service providers detail the level of services the BID should expect from these providers, putting the relationship between them in a more formal contractual footing. In theory, these agreements should ensure that BID intervention is additional to regular public service provision and not a replacement for it.

2.3 The issues

A quick glance at the academic literature on BIDs in the last few years suggests the dominant concern has been with issues that would emerge from too much success, i.e. BIDs coming to deploy large amounts of private wealth and power and thus gaining a large degree of control over the public realm in detriment of others, exacerbating issues of accountability and inclusion. Many studies have taken as given BID's ability to raise private and public money to deliver what they see as a private agenda, and the concern has been that resource-rich BIDs would take over the governance role of local authorities and become akin to privatised governments of town and city centres (Minton, 2009; Ward, 2006; Mitchell and Staeheli, 2006).

However, there is not much evidence among UK BIDs for an overwhelming influx of private resources pushing traditional public service provision aside and taking the kind of control over their area that can be seen in privately managed shopping malls, or that has been associated with the largest US BIDs. Firstly, UK BIDs are quite limited in their powers to control and manage the public realm on their own. Although set up as independent, not-for-profit and business-led companies, UK BIDs belong to a tradition of public-private partnerships in area governance which rely on the private sector for efficiency, but do not dispense with the statutory powers and responsibilities of public sector service delivery agencies (Lloyd and Peel 2008). For these partnerships, the legal, political and material support of statutory public sector bodies – in this case mostly the local authority – is a condition for success, as are public sector grants for any significant capital investment.

Secondly, an occupier-based levy would always be restricted in the amount of resources it could raise, reflecting the typical range, size and ability to pay of business occupiers in towns and city centres and industrial areas. (see Blackwell, 2008; CLG, 2007). The largest UK BID, the New West End Company (NWECC) (the Oxford Road/Bond Street BID in London) was expecting an income in 2010 of about £5 million – more than triple that of the second richest city centre BID – of which just 50% was income from the levy and at least 20% were public sector transfers (NWECC, 2008). This can be compared with New York's Times Square BID, with an income of circa £9 million for the same year, two-thirds of which from the levy, supported by an asset base valued at another £3 million (TSDMA, 2010), or Grand Central BID, with similar income pattern and an asset base of about £15 million (GCP and GCDMA, 2010). The average annual income of UK BIDs at around £400,000 is far lower than those values, with many smaller BIDs raising much smaller sums than that (see Appendix 1).

Nevertheless, beyond a potential 'privatisation of the public realm' and its implications – if that is indeed what BIDs represent, there are other issues that have not been discussed extensively so far. These refer to the resilience of stakeholder-led public realm management arrangements and their ability to replace or at least complement the state-centred, 'command and control' form of governance and service delivery, and therefore to provide a long-term alternative to it. This is particularly relevant now in view of UK Government policy of transferring governance and service delivery responsibilities to civil society (CLG, 2010) and in view of the impact recession and public spending cuts will certainly have on the ability of civil society to respond to that challenge.

The BID model was conceived in a period of sustained economic growth and much fewer restrictions on public sector spending. A random examination of business plans put forward in 2005/2006 will notice a reliance on the plethora of urban regeneration and economic development grants for the full delivery of business plan items (CLG, 2007). Indeed, the private sector match-funding character of the levy made BIDs ideal recipients of such grants. Voluntary contributions from property owners were also frequently mentioned as a source of income to be counted on, and in retrospect, some business plans look excessively optimistic in terms of the amount of income a BID could generate and the services it could deliver. Therefore, issues arise in relation to the resilience of BIDs, their operation and prospects, especially given the pressures on many businesses' ability and willingness to pay the BID levy or make voluntary contributions brought about by the recession, and the threats to local authority support and grant funding as part of public spending cuts.

With that in mind, the research reported here focuses on two key issues:

- The validity of the assumptions behind the creation of BIDs in terms of cost-benefits, delivery potential and the impact on them of variations in the performance of the economy;
- The prospects of BIDs as a private stakeholder-led urban realm management tool.

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Accordingly, the objectives are threefold with the following research questions:

- 1.** To explore the assumptions that have underpinned the formation of BIDs and the impact on them of the current economic downturn;
 - 1.1.** Has the BID levy been justified in terms of the additional value it creates or any other benefits it brings?
 - 1.2.** Has the current downturn affected significantly the relationship between benefits and costs of contribution?
- 2.** To examine the services delivered by BIDs as urban realm management organisations and the impact on those of potential constraints on public and private spending;
 - 2.1.** What has been/is likely to be the impact of the recession on voluntary and other additional contributions and how has this affected/might affect BIDs' finances and their ability to deliver on their agendas?
 - 2.2.** What has been/is likely to be the impact of the recession on local authority services and how has this affected/might affect the services BIDs deliver?
 - 2.3.** Which public realm interventions are more likely to be affected?
 - 2.4.** How are BIDs dealing with the resource constraints outlined above?
- 3.** To investigate the resilience or otherwise of BIDs as long-term solution to challenges to urban realm management.
 - 3.1.** What are the immediate and longer-term implications for BIDs as an urban realm management model?
 - 3.2.** What are the immediate and longer-term implications for urban areas and their public realm?





3.0 Methodology

In order to explore those research questions, the study relied on 10 in-depth case studies of BIDs in England, seeking to understand how they had been affected by recession and public spending cuts and what strategies they had been using to deal with any adverse impacts.

The first stage in the study involved desk research, which produced a solid overview of the general population of operating BIDs and guided an initial survey of existing BIDs. Information was collected from secondary sources such as BIDs Business Plans, reports produced by advisory bodies and consultancies, government reports and the relatively small academic literature on the subject. Appendix 1 summarises some of the information produced at this early phase.

The second stage included a short on-line survey of the around 100 BIDs in operation in October 2010, conducted with the support of UKBIDs, the UK national BIDs advisory service. The purpose of the survey was to provide a general picture of how the economic downturn and cuts in public spending might have affected or have threaten to affect BID incomes and the levels and types of services they provide. Accordingly, the survey was designed to confirm available information and provide supplementary data on:

- The main characteristics of existing BIDs, type of location, size, income and support, main activities and variation if mandate was renewed.
- Basic trends in income (levy and additional) and potential impacts.
- Basic trends in relevant local authority service budgets and potential impacts.

The survey was conducted from mid-October to the end of December 2010. Results were entered into a spreadsheet, complemented with information obtained from secondary sources. The findings are summarised in the next section, and were essential in defining the 10 cases for the next stage of the study.

The third and main stage of the study comprised case-study analyses of 10 BIDs, selected on basis of nature of their nature, location and nature of impacts as reported in the survey. Guidance from the advisory service UKBIDs was sought before the final selection was confirmed.

For each of the 10 cases, semi-structured interviews lasting up to 1¼ hours were conducted with the BID manager, and a relevant local authority officer (around 20 in total). Initial expectations to interview a levy payer and a property owner who contributed voluntarily to the BID proved either difficult in the case of the former, or unnecessary in the case of the latter. The logistics of interviewing levy payers proved too time and resource consuming, whereas the absence of any significant involvement of property owners with BID bar very few exceptions suggested that little extra information would be produced through that line of inquiry. In order to increase the robustness of the findings, interview data was complemented by documentary evidence from consultation documents, spending plans and other BID documents. The full findings of the case studies and their implications are discussed in section 4.

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4.0 Survey Results

Table 1 Survey responses per region

Region	Number Responses	% Responses	UK Total Number	% Total
East Midlands	2	5	9	9
East of England	3	8	6	6
London	8	22	22	22
North East	1	3	3	3
North West	4	11	12	12
Scotland	1	3	8	8
South East	4	11	9	9
South West	4	11	10	10
Wales	1	3	1	1
West Midlands	6	16	16	16
Yorkshire and the Humber	2	5	2	2
Ireland	1	3	1	1
Total	37	100%	99	100%

4.1 Distribution of responses

The request to fill in an online survey questionnaire was sent out to managers of 98 of the around 100 BIDs in existence in October 2010. A copy of the questionnaire is in Appendix 2. The survey elicited 40 responses, of which 37 were complete enough to inform the analyses. Given that the purpose of the survey was to obtain enough information about a variety of BIDs in different contexts, a 40% rate of reply was deemed to be quite sufficient.

The distribution of respondents according to UK administrative regions is recorded in the table above.

The spatial distribution of survey responses was not expected to match closely the distribution of BIDs nationally, especially because BIDs are concentrated in some regions, particularly London (22%) the West Midlands (16%) and the North West (12%), and exist in small numbers in Wales, the North East and Yorkshire and the Humber (1, 3 and 2 BIDs in each respectively). Therefore, one response in the latter represents a much higher proportion compared to one in London. However, the survey aimed for a wide spread of responses so that different contexts could be captured, and

for a significant number of respondents from the regions where BIDs are most present. As shown in the table, the survey succeeded in achieving a good coverage overall, with similar proportion of responses to incidence of BIDs for those regions where BIDs are concentrated, providing enough information for a snapshot of the challenges facing BIDs in all parts of the country.

To facilitate the analysis of the results and the selection of the case studies, respondent BIDs were further subdivided according to the type of settings in which they operate. The study adopts a four-fold classification of BIDs as metropolitan core, metropolitan periphery, town centre and industrial area. This is a simplification of similar classifications found elsewhere (see British BIDs and University of Ulster, 2010), and although the robustness of this categorisation needs further testing, it seems plausible that to differentiate BIDs according to their settings within towns and cities, the nature of the businesses they are likely to represent and the likely vulnerability of the commercial and property interests in their area to the recession and spending cuts.

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A full description and the analytical usefulness of these four categories are set out below:

- **Metropolitan Core BIDs (MC):** These are BIDs that cover central business districts of London and core UK cities (some might cover office quarters, some city central retail and leisure, some a mix of those). The businesses they represent cater for regional, national and even international markets with significant presence of office headquarters and/or large multiples (whether or not in enclosed shopping centres). The impacts of recession will be shaped by the national and often international character of the businesses. Some of these BIDs have a mix of small local businesses and large multiples, with regional and citywide catchment areas and some functional specialisation. In these cases, the impact of recession will be shaped by the nature of their functional specialisation.
- **Metropolitan Periphery BIDs (MP):** These are in local centres within large metropolitan conurbations but outside the core city and its immediate surroundings. They typically contain a mix of small and large business with regional and local catchment area. The impacts of recession will be linked to the nature of the businesses and the vibrancy of the local/regional economy, but mediated by a metropolitan economic dynamics. Typically, there will be important issues of competition with other centres within the metropolitan area.
- **Town centre BIDs (TC):** These operate in the retail and business core of freestanding cities and towns outside major conurbations, with regional and local catchment areas. They typically contain a mix of small and large businesses with strong regional and local character. The impacts of recession will be linked to the nature of the businesses in the area and of the local/regional economy. There will be important issues of competition with other town centres in the region.
- **Industrial area BIDs (IA):** These comprise industrial estates and business parks, usually located in the edge or outside urban areas, whether or not close to large conurbations or smaller urban areas. The impacts of recession will be related to nature of the occupiers of the properties covered by the BID and their dynamism within the regional economy.

Mapping the survey responses against those four categories reveals a very close match (see Table 2 below). Once again, this suggests that the survey responses represent an adequate sample of the universe of BIDs, and that our categorisation has some usefulness as a descriptor of BID contexts and an aid to process and present the findings.

Table 2 Survey responses per type of BID

BID Type	Number Responses	% Responses	UK Total	% Total
Metropolitan Core (MC)	8	22	20	20
Metropolitan Periphery (MP)	3	8	8	8
Town Centre (TC)	18	49	48	48
Industrial Area (IA)	8	22	23	23
Total	37	100%	99	100%

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4.2 Survey findings

The survey asked respondents to disclose the annual income of the BID, what part of it was due to levy and additional contributions, what made up most of the latter, and what the key spending areas were. It also asked what impact on income the recession was likely to cause and how that would be reflected into what the BID did. Finally, it asked about the potential cuts in baseline service from the local authority and others, and requested respondents to mention the main challenges they saw for BIDs in the coming years. A table with the full list of respondents can be found in Appendix 3. The table below summarises all responses, grouped into our four BID types. Its contents are discussed in length in the following page.

The survey findings summarised in the table on page 17 suggest a number of issues about what BIDs do as service delivery bodies and part of localised governance mechanisms, how this might be affected by the recession and public spending cuts. These issues are discussed below and are further explored in the case-study stage of the research. We have adopted the categorisation of BIDs by type of location, explained earlier, as a way to consolidate the survey data and try to identify common issues and trends for further exploration. Commonalities among BIDs within each of those four categories seem to support their use for analytical purposes. The indications from the survey are that Industrial Area BIDs have very clear characteristics of their own and there is a strong case for them to be examined as a group. Metropolitan core BIDs also have their own specific dynamics, although this is more varied and includes marked specialisation. The same seems to apply to Metropolitan periphery BIDs, although the small numbers and the fact that they are restricted to the London and Birmingham metropolitan areas suggest caution with generalisations. Town Centre BIDs are naturally a more varied category, but their size, focus and concerns allow them to be treated as a group for the purposes of this study.

Table 3 Summary of survey findings

Type of BID	IA	MC	MP	TC
Income/expenditure	Between £40k (small, single estate) to £200k (large, single estate). The exception is the multi estate BID in Bolton (£420k)	Typically around £500 to £700k for smaller or specialised BIDs, but going to above £1.2m for large retail core	Varied, depending on size, location and business mix. From just over £100k in Birmingham to £1m in a prosperous London suburban centre	Typically between £300 and £500k but with a few smaller and more remote town centre BIDs below that, and a few larger town centres with incomes of £900k to above £1m
Levy income/other income	As a rule, almost 100% from levy for year on year expenditure (excluding one-off RDA/LA grants)	Varying from 50% to 100%, depending on age of BID, sale of services, involvement of property owners and public sector grants/match funding	Between 80 and 90% levy	Closer to 100% levy for smaller and newer BIDs, others varying from 30 to 90% levy depending on sale of services, involvement of property owners and grants/contributions from LA and other public sector bodies
Other income	When present, mostly LA in kind or LA/RDA grants	When significant, involves public sector grants/match funding. Otherwise sponsorship, earned income from sale of services, property owners contribution (less than 10%)	Similar to MC. Some with income as LA contractors for the delivery of services	As with MC, with earned income, sponsorship and property owner contribution at generally no more than 10% each. Some with income as LA contractors for the delivery of services
Key areas of spending	Overwhelmingly crime and safety (inc. environmental crime)	Varied, but generally marketing and events followed by crime and safety, and then environmental improvements and business support	Similar to MC, but with prominence of green issues (both recycling and greenery)	Marketing and events generally dominant, followed by crime and safety.
Impact of downturn on income	Equally distributed between those who don't foresee reduction in income and those who do. Reduction coming mostly from cuts in LA/RDA grants, but also reduction in voluntary payments and in levy collection rate	6 out of 8 expect/have experienced reduction. Mostly LA contribution (grants and co-funded projects), but also sponsorship and voluntary contributions and lower levy collection rate. Other 2 funded 100% by levy, regarded as secure	All 3 predict/have felt some impact on income, mostly from LA co-funding of projects and sponsorships and voluntary contributions. Fear of reduction in levy collection rate	13 out of 17 predict/have felt reduction. As for MP, impact on LA funding/co-funding, sponsorship and VC, and fear of impact on levy collection. Other 4 are either 100% levy-funded or have just renewed with larger levy base that makes up for other reductions
Impact of downturn on BID activities & services	No impact on the BID activities is expected, even if some adjustment might be needed	6 out of 8 do not expect any impact on agreed programmes, apart from small readjustments. 2 expect impact as their main marketing/safety programmes are linked to LA co-funding	2 see some redefinition of the services they perform, back to the core cleaner, safer and better agenda. The other see opportunity for expanding as businesses contract operating costs	10 out of 17 expect an impact on service delivery, especially in marketing and events, which depend on a larger extent on sponsorship. Special cleansing services relying on co-funding were also mentioned. Other 6 were impact is not expected have 90% or more of their core funding from secure sources (levy or signed sponsorship contracts)
Impact on Baseline LA services	6 out of 8 expect reduction in baseline LA services, esp. street cleansing and maintenance. Of the other 2, one has mainly non-adopted roads and doesn't depend on LA, the other is more a self-funded CCTV operation	7 out of 8 expect reduction in baseline services. Most cited are cleansing and waste services, followed by policing and specific co-funded projects. The 8th is a newer BID, with more recently drafted agreements	Varied, with 2 expecting a reduction in match-funded projects in crime and safety, transport and cleanliness even if not yet present. The 3rd does not expect reductions	13 out of 17 expect some reduction. CCTV, street cleansing and maintenance, policing, waste and co-funded projects (rangers, events and signage). Of the other 4, 2 are small BIDs with a limited range of services, the other 2 are larger but newer BIDs, with more recently drafted baseline agreements
Challenges in near future	Varied range of issues, including keeping businesses informed and on board, maintaining services and baseline services to justify additionality and prove value for money. Success of re-ballot was also an issue	Similar to IA and also resisting pressure from LA and large multiples for BIDs to assume LA and Police functions, ability to attract match funding for larger scale projects and securing voluntary contributions	Similar to MC	As with MC, plus facing competition from other town centres and retail parks, keeping local businesses healthy

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The paragraphs below discuss the survey findings for each category:

1 Industrial Area (IA) BIDs are smaller BIDs in terms of income, with a much more focused agenda in which concerns with crime and safety dominate (this includes environmental crime such as fly-tipping, graffiti). Some of them extend over a number of non-contiguous industrial estates. In general, they tend to be funded exclusively by levy monies although some have benefitted until recently from Regional Development Agency (RDA) economic development and regeneration funding. Key issues that seem to emerge from the survey are whether there is scope for service diversification beyond crime and safety and for engagement of property owners (especially since ownership in industrial estates might be more concentrated and less fragmented than in retail centres). These BIDs seem to be more sensitive to variation in vacancy rates associated with economic slowdown (reduced ability to compensate for this). There is some concern with the impact of potential reduction in local authority street cleansing and maintenance services, and its knock-on effects on levy-payers' perception of additionality. As with other types of BIDs, the need to keep business informed and on-board in a period in which the value for money of BIDs might become less obvious – and the potential impact of this on re-balloting is perceived as a significant challenge.

2 Metropolitan Core (MC) BIDs include the largest BIDs in terms of income and the most important strategically for the health of metropolitan economies. Therefore, the issues they address might have a much wider impact than just their local areas. Many of them are specialised, formally or otherwise, covering only offices or retail or leisure uses. Reflecting this, they tend to have an agenda in which marketing/events is prominent, and as prime locations they have managed to generate income from sponsorship, sale of services and/or property owner contribution. Some have secured public sector grants and/or match funding from local authorities or other sources of public money to help fund delivery of services. This is reflected in the concerns and expectations expressed in the survey. Due to their more diverse funding base MC BIDs are more likely to have seen some reduction in overall income as local authority contributions and co-funding of projects decreases or disappears altogether, and voluntary sponsorship for events becomes more difficult. However, there does not seem to be an expectation that BIDs programmes will be affected. This might be related to the relatively large size of these BIDs, the economic robustness of their areas and their ability to reallocate resources across programmes to respond to changing circumstances. As with all other BID types, there is a prediction that there will be a reduction in local authority services, especially in street cleansing, waste removal, as well as a reduction in policing. This is likely to raise the issue of additionality and the extent to which BIDs should take on local authority and police functions. Many of these BIDs have developed a complex menu of services to their constituency, with equally complex funding arrangements, and a key challenge seems to be how to secure voluntary contributions and match funding for more ambitious projects.

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3 Metropolitan Periphery (MP) BIDs cover suburban town centres within metropolitan areas. At the end of 2010, only London and Birmingham had BIDs that would qualify as MP. Their size varied considerably depending on the size and importance of the suburban town centre concerned, with the largest being not too dissimilar from a metropolitan core BID in many regards, and the smallest akin to a Town Centre BID. In general, they are multi-sector BIDs and deliver a range of services similar to those of MC BIDs, funded mostly by levy contributions but also voluntary contributions, sponsorship, grants/match funding and sale of services. Consequently, the expected impact of the recession and public sector spending cuts is similar to MC BIDs. However, these are in many cases less resilient locations than the core business areas, and to different degree face competition from other nearby town centres within the metropolis. There is an expectation of some impact on income in the near future as additional income (grants, sponsorship and voluntary contributions) decreases, although most see their core services remaining unaffected. In less resilient locations, there is also some fear of a reduction in the levy collection rate. The impact is expected to be greater in services additional to their core agenda, which have been added over recent years. There is also some concern about reduction in public sector funding for projects. As with MC BIDs, there is an issue about whether BIDs should take over services and activities previously delivered by local authorities and other public bodies, whether this would compromise the independence of BIDs and the idea of additionality, or whether it would present an opportunity for expansion and for becoming more relevant to levy-paying businesses.

4 Town Centre (TC) BIDs are the most numerous and cover town centres in smaller cities and towns. They are as varied as the towns and cities where they are located, but typically have a yearly budget of between £300,000 and £500,000, although smaller and more remote towns will have less and some large towns/cities with regional economic importance and/or in more prosperous regions will have more. TC BIDs rely primarily on levy income, with sponsorship, sale of services and voluntary contributions typically not adding more than 20%, with a few exceptions where there are significant grants or where the BID act as contractors for the local authority in the delivery of services (typically street trading licensing, CCTV operation, etc.). As with MP BIDs, TC BIDs cover the whole of the central business area in their locality and therefore represent a wide mix of small and large businesses of different kinds, with variable resilience in face of economic downturns. Most TC BIDs expect some reduction in income, especially in the form of reduced support from their local authority, decline in sponsorship and in voluntary contributions, as well as difficulties in levy collection. This is expected to have an impact in some BIDs services, especially events and marketing for which sponsorship has been extensively used. Similarly, some reduction in current level of local authority services is expected, from CCTV operation to street cleansing and maintenance and waste collection. The main challenges for these BIDs seem to be how to face competition from other locations in a context of reduced ability from businesses to improve their trading environment, especially as many of these TC BIDs include large number of small, independent, but also vulnerable businesses, for whom external support makes a considerable difference in their prospects.

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These findings suggest a number of issues that should be explored in more depth in interviews with BID managers and other key stakeholders. These issues have informed the selection of cases for the next phase of the study. They are, firstly, an understanding of the main motivation for the formation of a BID and of how successful it has been in addressing those motives, from both the perspective of levy payers and the local authority, which has confirmed its key role in the setting-up and operation of BIDs. This will provide a way of understanding the context in which a BID operates, the relationship between the BID and its key stakeholders and how both might have been affected by the recession and public spending cuts.

Secondly, the more detailed exploration of the impacts of economic recession: how the BID area has been affected, what kinds of businesses have suffered most and how in turn this has affected the BID. It also involves understanding the potential impact of the recession on BID income and its different sources, with a particular attention to non-levy sources and especially voluntary contributions from property owners. Finally, it involves understanding how variations in income might have affected the delivery of BID services and how this issue has been dealt with.

Thirdly, there is the issue of the impact of local authority spending cuts. This involves exploring the role of and relationship with the local authority in the formation, running and funding of the BID. It involves also investigating the prospects of reduction, change or restructuring of public services relevant to the BID's activities, how that affects what the BID does and how it is perceived, and what are the strategies BIDs have adopted to cope with the situation.

Finally, the fourth set of issues relates to the challenges and opportunities BIDs will have to face in the near future. This includes an exploration of the main challenges and threats but also the main opportunities for growth and consolidation.



5.0 Case Study Findings

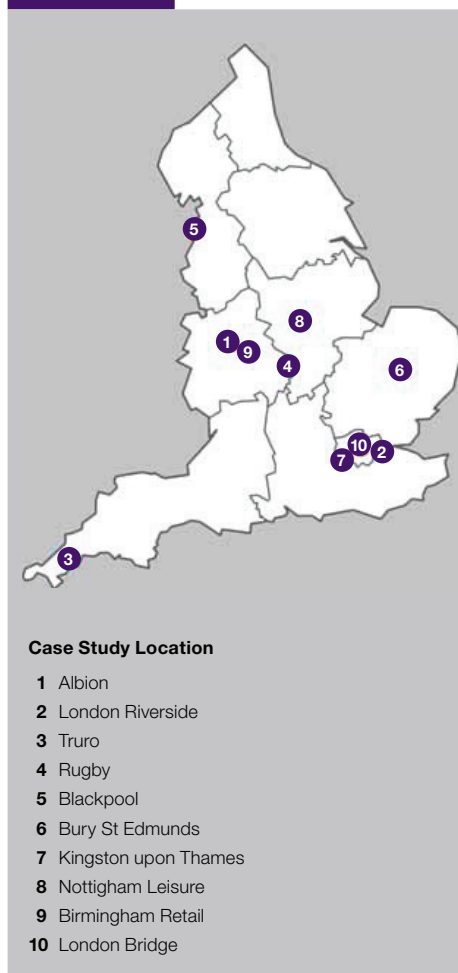
5.1 Selection of cases

Ten BIDs were chosen for the case-study phase of the research. The selection followed the criteria below and the actual cases were confirmed with UKBIDs as representative of the widest possible range of context and situations.

- Three cases of Metropolitan Core (MC) BIDs, differentiating between London (1) and other major English cities (2), and exploring different business bases (office, retail, leisure): Metropolitan core areas have their own economic dynamics, linked to a wide geographical area (in the case of London, of global proportions), with a particular pattern of businesses and of property ownership.
- One Metropolitan Periphery (MP) BID: Most of these are in London, and therefore one case should suffice to allow the research to explore the challenges for town centres in suburban areas in complex competition-complementarity relationship with core locations and other suburban centres.
- Four cases of Town Centre (TC) BIDs: a retail centre located within a prosperous region where impact of recession might be less strong, two others from areas where the economy might be less strong and which are under threat from competition from other centres/ shopping centres, a fourth from a more remote regional centre with a vulnerable economic basis.
- Two cases of industrial BIDs: one in London/Southeast, the other in the north of England or the Midlands, one which has benefitted from significant RDA/local authority grants, other with mostly levy-based income.

The full list of cases and a short rationale for the choice are shown in Table 4. Their location is shown in Figure 2.

Figure 2 Location of case studies



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Table 4 The cases and rationale for selection

BID	Region & Local Authority	Type	Size ¹	Annual Budget	Non-Levy income	Rationale for selection
Team London Bridge	London Southwark	MC	317	£1,000,000	13%	London MC-type BID, office dominated (67% by number, 96% by RV), headquarters with national & international significance
Retail Birmingham	West Midlands Birmingham	MC	420	£1,200,000	56%	Very large retail-based MC BID outside London, with national importance and significant contribution from property owners
Nottingham Leisure	East Midlands Nottingham	MC	266	£370,000	30%	Largest evening economy-only MC BID, with wide regional significance
Kingston upon Thames	London Kingston	MP	892	£1,000,000	20%	Large London suburban BID, with clear complementarity/competition relationships with central London and local centres, with portfolio of services contracted out to and from the Local Authority
Bid4Bury	East of England St Edmundsbury	TC	380	£350,000	5%	Smaller, recent Town Centre BID in a prosperous area, recently set up and still in process of consolidation
Blackpool	North West Blackpool	TC	802	£400,000	35%	Large town centre BID, with strong leisure component, in area with structural economic problems, and running on a social-enterprise model
Rugby	West Midlands Rugby	TC	462	£850,000	28%	Town centre BID with regional function in competition with several nearby BID-managed town centres, with safety focus
Truro	South West Cornwall	TC	418	£290,000	9%	Important regional and local town centre BID, with good spread of uses but in remote location and facing competition for regional position, with focus on marketing
London Riverside	London Havering	IA	272	£140,000	23%	Large industrial area, crime reduction-focused BID with history of significant grant from local development body (LTGDC)
Albion BID	West Midlands Sandwell	IA	123	£170,000	0%	Crime-reduction focused industrial area BID with mostly levy-only income, in second mandate

¹ Number of hereditaments

5.2 Interview data

For all of the ten cases, interviews were sought with the BID manager and the relevant local authority person. These were semi-structured interviews of up to 1¼ hours, face-to-face in the majority of the cases. The full outline of the interviews is in Appendix 4.

The case study stage of the study sought to obtain enough information to provide answers to the research questions presented in section 2.3 above. These refer to the following:

- The justification for each BID, its ability to add value for the main stakeholders and the potential effect on both of the downturn and public spending cuts.
- The impacts of recession and spending cuts on BIDs' finances, their sources and BIDs ability to deliver their core programmes.
- The strategies BIDs have adopted to deal with those impacts.
- The medium- and long-term implications of recession and spending cuts for BIDs as a public realm management model and for the urban areas they manage.

With this purpose, case study information from documents and interviews was organised according to seven headings. They cover firstly the main motivation for the formation of each BID, how successful it has been in addressing those motives from the perspective of both levy payers and the local authority, the two main stakeholders. An examination of how the main agendas for each BID have emerged, what they contain and how effectively they have been delivered should provide a view of how successful each BID has been, how much of a part of the local governance landscape it has become and what are the challenges it might face.

Secondly, there is the issue of funding and the nature of sources of income for each BID, especially voluntary contributions and other non-levy income. Although the BID model has as its core a relative security of income through the compulsory levy, there has always been an expectation that BIDs would generate additional income from other sources to complement the levy and enable BIDs to play a larger role in the management of their areas. Understanding how the cases are actually funded should lead to a better view of which areas of BID activity are more exposed to fluctuations in the economy and therefore how resilient the BID as a whole might be.

Thirdly and fourthly, this study seeks to understand the impacts of recession and spending cuts on BIDs and these two issues were directly addressed in the interview. The third heading covers the current and expected impact on BID income, whereas the fourth heading looks at the impact on the different activities and services each BID undertakes. Together these two headings should give an accurate picture of how BIDs are being affected by the recession and spending cuts, and whether or not there might be more permanent changes in what BIDs do and how they operate.

The fifth heading encompasses the strategies each of the cases has had to adopt to face any reductions in income or difficulties in achieving the objectives set out in their business plans. These coping strategies should reveal any changes in the nature of BIDs and the roles they play brought forth by recession and spending cuts and help illuminate new areas of activity that might become important in the future.

Finally, the sixth and seventh headings refer to the challenges and threats facing each BID individually and the BID model as a whole, but also the main opportunities for growth and consolidation of BIDs as public realm and area management organisations created by a contraction of the state.

The following set of tables (Table 5) summarises the responses for each of the 10 cases. This is followed by a comparison of interview data across cases (Table 6).

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Table 5 Summaries of interview responses

Blackpool	
Case Description	<ul style="list-style-type: none"> • Town Centre BID, 800 hereditaments, annual income of £400,000. • Mix of retail, services and leisure business, large number of small businesses. • Originally a Pilot Bid, set up in 2005, has recently re-balloted (Aug 2010) with an 89% majority (although low turnout). • Safety and Marketing taking up 50% of the expenditure, management costs around 15%. <ul style="list-style-type: none"> – BID holds the National Business Information System with security information for retailers, runs Retail Radio Link and Pub Watch and employs town centre wardens and a small street cleaning team providing quick-response cleaning. • Levy covering 80% of budget (£320,00 pa) (1% fixed, all ratepayers, 0.7% for businesses inside the Hounds Hill Shopping Centre). <ul style="list-style-type: none"> – 20% subscriptions and rentals for crime initiatives and radio links. – Variable funding brought in through the BID's social enterprise status (another £240,000 predicted for 2010-11) funding both management costs and projects (e.g. care for homeless, shelter for street drinkers). – Contribution from property owners in original budget, but it never happened and was not pursued (Hounds Hill owners promised support but went into receivership). – Contribution in kind from Local Authority (LA) (premises, salaries, levy collection, 6-month advance on levy payment secured against levy from council property in BID area).
Background	<ul style="list-style-type: none"> • Extreme disparities of income within and around BID area, with high proportion of worklessness (20,000 people or 25% of the working age population). • Big seasonal differences: locals in winter, mostly lower income, little use of town centre in the evening; 10 million visitors/year in the summer, mostly gravitating towards seaside, but issues with alcohol consumption and concentration of the homeless. • BID evolved from town centre forum with strong LA involvement, including personnel. • Regeneration programmes and new Masterplan introducing changes to town centre, as well as competition from elsewhere leading to first BID (ability to attract resources). • Large nationals and smaller local independent businesses, the latter the majority and more involved with the BID. Levy contribution 60/40 respectively. Most national retailers now in the new Hounds Hill Shopping Centre, with former premises remaining vacant or filled in with low grade businesses. • Good relationship with council, although improved after re-ballot to more of a partnership. BID as effective conduit between local authority and businesses, and active supporter of the Local Enterprise Partnership (LEP) and casino bids. However, more recently BID has had a more operational focus, and has become less involved in strategic decisions about the city centre. • BID reputation based mostly on reassurance against crime and anti-social behaviour. • Some disagreement with local authority about effectiveness of BID-led events agenda, whether quality of event or quantity of participants should be prioritised.
Recession and impact on BID area	<ul style="list-style-type: none"> • Recent BID survey shows 14% vacant premises (26% in other surveys). • Crisis coincided with opening of Hounds Hill Shopping Centre and impact of recession was not immediately felt. Pent up demand for a shopping centre hold up footfall and sales for a while. • Recession increasing bankruptcies, especially amongst smaller businesses. Regeneration works in town centre at the same time have exacerbated problems (road closures, relocation of bus stops). However, last year has seen growth again and revamped town centre helps (including new public realm work). • Although still early to assess impact of cuts, council redundancies (about 5,000 over next 3 years of a working population of 80,000) in an area heavily dependent on the public sector will affect wintertime trade, less reliant on tourist and more on the local population. LA will be cutting 10% of their budget, but in fact more than half of the budget for services which are not protected such as education. • Regeneration projects grounding to a halt. Although this might be a short term benefit as it will do away with the building site character of much of the centre, it will be a problem in the long term. • However, potential benefits from recession through increase in 'staycation' (i.e. holidays in the UK rather than abroad).

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Blackpool continued	
Recession and Cuts: impact on income	<ul style="list-style-type: none"> Levy rate came down from close to 1.4% of RV (indexed for inflation) to a flat 1% for 5 years, as a way of securing successful re-ballot. However, increase in BID area with the tower should make up for shortfall. Removal of part-funding for wardens programme (Future Jobs Fund – DWP), and removal of FJF for cleaning team (both now fully funded by the BID).
Recession and Cuts: impact on services	<ul style="list-style-type: none"> Diversion of cleaning team to basic upkeep of empty properties (cleaning and basic repairs), so that they don't look shabby. Also, cleaning team making up for reduced Council cleaning services. Reduction of CCTV services by Council (now 4 days a week and daytime-only operation). Council transferred the running of events from their tourism body to BID with some resources to run those events. Other events will be scaled down. Reduction of the role of wardens (previously loaned to council for events and tourism-related activities, now concentrated on basic security issues to make up for cuts in policing in town centre, and especially the loss of 6 council-funded PCSOs). Termination of council-funded capital projects in town centre which provided platform for BID to pursue its objectives (e.g. new pavements).
Coping strategies	<ul style="list-style-type: none"> Less detailed business plan for the re-ballot to allow for changes in a rapidly changing environment. Also more focused on the security and cleaning issues which are rate payers' priorities. Exploring cost-neutral strategies for BID, especially recycling joint procurement.
Opportunities and challenges	<ul style="list-style-type: none"> With cuts and changes in the local authority BID has acquired a higher standing, both as a social enterprise and as business representative: invited to regeneration and other boards, recognised as a channel of communication with town centre businesses Shaping town centre profile by speaking to potential new occupiers for empty business premises (in partnership with Council). BID perceived by many local business as a conduit to the police and the council. Benefits of BIDs becoming clear and business outside the area are asking about safety and cleaning services. The social enterprise status is crucial: it has allowed access to significant funding pots and partnerships with other CIC or social enterprises. Challenge in trying to capitalise on all the regeneration investment already done through future private sector investment, especially without new regeneration funding. Some is happening (e.g. investment in Blackpool Tower). BID has been relatively successful in dealing with the retail environment, but a lot still needs to be done with the evening economy and the conflicts it generates with daytime users of the town centre. LA perceives a bigger role for BID in co-ordinating the activities of businesses to attract people to the town centre. Cleaner, greener and safer activities are important but more strategic promotional strategy is required. Issue of poor quality shops and need of concerted effort to improve quality of shops and efficiency of businesses. Council did some work in the past but can no longer afford it. From the LA perspective, BID has so far relied on the local authority to do strategic work while BID does operational, day-to-day interventions, but it might have to take over some of the strategic, structural work as public sector regeneration programmes become less available.

RICS Research – BIDs, Economic Recession and the Future of Stakeholder-led Public Realm Management

Truro	
Case Description	<ul style="list-style-type: none"> • Town Centre BID, 400 hereditaments, annual income of £290,000. • Mix of retail, services, leisure and public sector (retail representing 63% of businesses and 73% of levy). Large number of small businesses and a few very large multiples. • Set up in 2007 (63% majority and 53% turnout). • Marketing and Events (specially Christmas lights) as main activities taking 45% of approved budget but 65% of actual spend, management costs 30%. <ul style="list-style-type: none"> – Autumn music and Spring arts festivals, marketing campaigns, website. – Floral displays (city council as contractor for BID), shop mobility (contracted out), signage work planned (with Cornwall Council and EU convergence funds). – Joint management of public space with the city council (Lemon Quay). • Levy covering 91% of income (260,000 per year) (1%, threshold of £10,000). <ul style="list-style-type: none"> – Public sector contributions 4%. – Sponsorship 2%. – Landlord contributions 1% (more predicted in budget). – Earned income 2%.
Background	<ul style="list-style-type: none"> • Large number of small retailers of low and high value, in small retail units, 20% turnover. • Historically one of the lowest crime rates and winner of cleanest city in UK award. • Main issue has been converting daily and seasonal flux of people into town centre into customers of local businesses: <ul style="list-style-type: none"> – 14,000 daily commuters into Truro (population of 21,000), 3rd highest % in UK, with congestion in the morning and evening. Strong lunchtime trade but little at other times. – 5 million stay visitors and 10 m day visitors in Cornwall per year. Truro not picking up much of that population. • Navigability of town centre (small, narrow alleys) leading to extremely concentrated footfall. • Incipient evening economy. • Competition from Exeter and Plymouth and potentially other Cornish locations in a context in which retail catchment areas are large (explaining disproportionately large multiples). • Good relationship with new City Council, which funded the BID set-up process, but patchier with Cornwall Council (the former county council). • BID success closely linked with the successful funding and implementation of the Christmas lights: funding for it had always been uncertain and difficult. • Success of city centre BID leading to an industrial BID just outside Truro.
Recession and impact on BID area	<ul style="list-style-type: none"> • Some closures of businesses, although Truro ranked as 9th lowest retail vacancy site in the country, with strong demand for space. There have been business failures, but empty shops are filled quickly, with no long term vacancies. • Large number of public sector jobs (6,000 out of 20,000), with likely redundancies and subsequent impact on local economy.
Recession and Cuts: impact on income	<ul style="list-style-type: none"> • Collection rates still at 98.9%, so far no impact on income, but voluntary contributions and sponsorship will become more difficult to obtain. • Delays in transfer of EU grants by County Council.
Recession and Cuts: impact on services	<ul style="list-style-type: none"> • Because BID was not predicated on the basic 'cleaner/safer/greener' agenda but on marketing and events, which the council was not providing, it does not have a baseline that might be affected by cuts in those services. • 24/7 monitoring of CCTV funded by Cornwall Council was ceasing on 01/04/2011. Although BID would not be able to fund this, it might decide to do it instead of funding e.g. shopmobility. This is currently under discussion but risks are large.
Coping strategies	<ul style="list-style-type: none"> • BID has stuck with the 2005 business rates rather than adopt the recent reassessment. • Spending items within Business Plan were rearranged: far more going to Christmas lights, less on marketing. Also, expenditure in some areas was delayed waiting for external funding (website, signage). • New areas of activity (e.g. role in managing and setting parking rates). • Arranging joint procurement of energy for levy payers as part of a cost-neutral approach to justifying the BID.

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Truro continued

Opportunities and challenges

- Local authority restructuring (abolition of county/district councils) with changes in thinking about town centres and services.
- Large development proposals outside Truro might affect town centre, and currently Cornwall Council hasn't defined whether it wants the growth to happen in Truro or elsewhere.
- Success of Truro BID leading to model being spread to other places in Cornwall, but risk that the council might be promoting BIDs to fill gap from reduction in public services.
- Cuts will force everyone to reconsider what local authorities should provide and BIDs might have to think again about what type of services they will fund. Council is discussing cuts in salting and gritting of roads in the winter, on maintenance of public conveniences. These have been traditionally council services, but as there will be much less funding for them, BID will have to consider whether or not it will be prepared to take over some of the funding.
- Success so far closely associated with one or two initiatives, especially the Christmas lights. However, because of the cuts the remit might have to be wider. There are also issues of long term maintenance of the lights and other capital investment that need to be considered in the future BID 2.
- More cost savings initiatives through a Truro buying group, buying services at lower costs for levy-paying members (electricity, waste disposal). However this is likely to benefit smaller business rather than nationals that do this through their head offices, raising issues of internal subsidies and risk of increasing division within BID.
- BID has achieved credibility as representative of local businesses and has been heard on strategic issues regarding planning proposals, traffic and accessibility, policing. However, because of this some tension with the Chamber of Commerce.
- Local authority would like to see BID helping the new industrial BID as this is small and might not have enough resources to fund its own management structure. Opportunities and challenges in cooperation.
- Local authority would like to see the BID more involved in operational matters, i.e. service delivery, rather than just commissioning of services. However, risk of taking over council services as contractors as Plymouth did (car parking, street cleaning) when the council decreases funding to them: blame falling on BID. Also, BID 5-years term conflicts with long-term planning required for services.
- 5-year BID budget provides certainty, but can become a problem when the environment changes and resources need to be allocated in any substantial way. LA's annual budgets give them more flexibility to reallocate resources. Challenge is how to cope with a changing economic environment.

RICS Research – BIDs, Economic Recession and the Future of Stakeholder-led Public Realm Management

Rugby	
Case Description	<ul style="list-style-type: none"> • Town Centre BID, 460 hereditaments, annual income of £850,000. • Mix of retail, offices and leisure. Mostly small independent business with a few larger national chains (including one large national supermarket). • One of the pilot BIDs (2005), has recently re-balloted (Jul 2010) with a 75% majority on a 55% turnout. • Crime and safety (CCTV and Rangers) taking 55% of expenditure, management costs around 25%. <ul style="list-style-type: none"> – 24/7 state-of-the-art CCTV monitoring with 7 staff and 50 cameras, linked to Shop Net and Pub Watch radio connection, with central control room. – 7 Rangers with crime/security and customer services duties . – Cleaning team with own equipment for quick response in public and private property (10% of budget). – Marketing campaigns, events and loyalty card. • Levy covering 72% of budget (£620,00 pa) (banded, varying from 2.5 to 5.5% of RV, threshold £7,300). <ul style="list-style-type: none"> – £230,000 pa voluntary contributions (from the Council towards the CCTV control room, which is outsourced to the BID, and from businesses outside the BID area that pay the BID to monitor their CCTV. Also from businesses under the threshold who want the service). No contribution from property owners (high fragmentation and absenteeism). – £15,000 pa other income.
Background	<ul style="list-style-type: none"> • Long standing issues of crime and safety (antisocial behaviour, shop lifting) and cleanliness (graffiti, chewing gum, bird droppings) leading to council backed town centre company and later to BID. • Rugby as a small market town, with few national shops. Customer base is mostly local, for daily shopping needs. Large shopping done in the bigger cities nearby (Leicester, Solihull, Northampton, Birmingham). • A large number of independent businesses and a few national chains, a street market and niche retailers with a small café society. • Re-balloting at a very difficult time, but success proving the desire from business to continue with BID services. • In the 1st BID small businesses were more supportive of BID than larger nationals, but equal support from the latter in the re-ballot. • Differing needs from levy payers e.g. services concerned with cleanliness, national retailers with CCTV and the rangers project. • Good relationship with council (in receipt of funds to run the CCTV scheme, mediating grants to new businesses trying to set up shop).
Recession and impact on BID area	<ul style="list-style-type: none"> • Many independent businesses have been struggling. Vacancy rates are still below national average at about 6%, but sales are much lower. New businesses especially are being badly hit. This is still going on.
Recession and Cuts: impact on income	<ul style="list-style-type: none"> • Impact not significant in terms of income reduction (but BID has forfeited the extra income from the business rates reassessment in order to secure success in the re-ballot).
Recession and Cuts: impact on services	<ul style="list-style-type: none"> • As all BID services are different from and additional to what council does, so far no impacts on services. A service level agreement is in place and it would be politically difficult to the council to reduce baseline services (especially as regards cleaning). • The only significant impact would happen if the council cut their contribution to the CCTV operation, but this is not going to happen during for this BID term (up to 2015) as the money has been secured in a deal with the council.
Coping strategies	<ul style="list-style-type: none"> • During recession, effort to try and get customers to shop locally, and at the same time find ways to save money for businesses. • New BID decided to keep the old business rates and not apply the reassessment. This might have meant the loss of another £100,000 pa in revenue, but in a difficult time it might have compromised the success of the re-ballot. • Strategy for re-balloting based on reminding businesses what the town looked like before the BID, stressing that issues would return if BID was not approved. • BID acting as the voice of town centre business to make sure council cannot reduce services and doesn't act against the interests of the businesses.

Rugby continued

Opportunities and challenges

- Exploring further marketing activities to generate footfall, especially among local customer base.
- Activities that reduce costs to businesses: There is already a BID insurance scheme in place, with Allianz providing a competitive quote to BID members because of reduced risk of crime, and a rebate on the levy paid back through the BID.
- Other similar initiatives looking at joint procurement for cardboard recycling.
- BID now regarded as the representative of town centre businesses. This has allowed it to negotiate successfully with the council on behalf of business interests e.g. parking policies and parking rates in the town centre.

Bury

Case Description

- Town Centre BID, 380 hereditaments, annual income of £330,000.
- Mix of retail, offices and leisure, with overwhelming dominance of small independent businesses (of around 600 businesses in town centre 40% are below the levy threshold), with one new shopping centre (the Arc) with national retailers.
- New BID, set up 12/2009 with a 60% majority but a low turnout (32%).
- Marketing and events taking up 65% of approved budget, followed by safe and security (over 30%) and environment and business support. Management costs not budgeted, and paid in kind by local council.
 - Actual spending differs from approved budget and focuses on street rangers (33%), Christmas lights and a few other events.
 - Rangers started in Nov 2010 (2), but have now been increased to 4. They tackle graffiti, litter enforcement, ambassadorial work. Subcontracted from Ipswich BID.
- Levy covering 97% of budget (£320,00 per annum) (1.75% of RV fixed, threshold of £10,000, including shopping centre tenants).
 - In Year 1 additional income from events of about £8,000.
 - Contribution from voluntary membership (business below threshold and property owners) included in budget but so far has not materialised. Developers of Arc shopping centre went into liquidation before they could contribute.
 - Contribution in kind from local authority (salaries, premises, levy collection), not budgeted.

Background

- Disagreements within the BID leading to a new manager appointed in the beginning of 2011.
- BID did not evolve as a result of specific issues, but instead as a way of putting the previous voluntary Town Centre management company in a more formal and resilient funding position.
- Replacement of town centre management company, open to all 600 town centre businesses, with the BID, answerable to the 350 or so levy payers.
- Perception problem with BID, regarded by some as favouring a few large national multiples in the Arc Shopping Centre and not representing the interests of local small businesses. BID currently trying to reassess priorities with its constituents.
- Ambiguous relation with the Council: it is the biggest levy player, provided support for setting up the BID, but relationship has cooled down as BID underwent difficult phase.
- Initial set-up concentrated decision-making power in 12-strong board slowing down BID interventions. Now more operational decisions transferred to manager.

Recession and impact on BID area

- BID set out during recession, but recession has had relatively little impact. Vacancies are at 6%, footfall has increased, but for individual businesses the situation is worse than in the past, and for very small businesses the chances of failure are greater.

Recession and Cuts: impact on income

- Council has removed all funding for Christmas lights, which are now funded entirely by the BID.
- Past council contribution to town centre management has not been entirely transferred to BID.

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Bury continued	
Recession and Cuts: impact on services	<ul style="list-style-type: none"> No service has had to be reduced yet, but Council has been reluctant to sign up to any baseline service agreement before they understand the implications of any cuts they might have to make. Increase in number of waste bins in town centre might have to be fully funded by BID as local authority will not invest in it. Police has reduced patrols in town centre.
Coping strategies	<ul style="list-style-type: none"> First year activity of BID has focused on the needs of retailers, as the largest group, but this might have alienated other levy payers. BID has stuck to the 2005 rate values as a way of reducing the costs of the BID to businesses.
Opportunities and challenges	<ul style="list-style-type: none"> Many levy players feel that the ballot that voted the BID through was not representative, represented only 60 or so businesses, and that result was biased towards large national retailers coming to the Arc shopping centre. Main challenge is to persuade BID constituency that this is not the case and that BID can offer them advantages, and also that smaller BIDs below the threshold can benefit from its activities. Investment in Rangers has yet to be perceived as positive by BID constituents. Big untapped opportunity for BID to spread its benefits for the whole of its constituency might be the business support item of its business plan, which so far has not been acted upon. Potential for joint procurement, etc. However, BID should be 25% about opportunities to save money and 75% about improving business environment. BID wary that council might perceive it as a way of divesting its own services without corresponding funding. It has done so with the Christmas lights and wants the BID to pick up the full remit of the extinct town centre management. Making BID4Bury a successful brand will attract other kinds of funding, including voluntary contributions and council resources. Current situation of BID allows local authority to ignore the views of the BID when implementing decisions that affect town centre businesses. Recent increase in parking charges, opposed by the BID and the Chamber of Commerce is a case in point.

Kingston	
Case Description	<ul style="list-style-type: none"> Metropolitan Periphery BID, 900 hereditaments, annual income of £1,100,000. Mix of retail, offices, leisure and public buildings (the courts, Kingston University and County and District council offices). 60% of businesses (and income) is retail. Large number of independent businesses, 2 covered shopping centres (Bentall Centre and Evermont) with national stores. First BID in the UK (2004), successful re-ballot (July 2009) with a 70% majority and turnout of 42% (regarded as good given large number of businesses). Marketing and Cleansing/Greening taking 30% each of expenditure, management costs 20%. <ul style="list-style-type: none"> Marketing includes events and Christmas Lights. Cleansing/Greening includes street Rangers, own street cleaning, machines, graffiti removal, pest control (esp. pigeons), waste recycling, private alley cleaning, street furniture. Also Safety/Security (crime reduction manager, night-time manager, CCTV and radio system for Pub Watch and Business Watch, training) and transport/Access (minicab kiosks, Christmas Park & Ride). Capital investment projects in partnership (pedestrianisation – 5% BID, 95% Council/TFL). New service areas transferred from local authority (running the Market House, the Market Place public space, street markets and tourism). Levy covering 80% of budget (£850,000) (1% corrected annually for inflation up to 3% including shopping centres tenants). <ul style="list-style-type: none"> Around £68,000 pa from original TCM core funders (property owners) and Council to pay for management costs and joint projects. £250,000 revenue from the services managed on behalf of council. Council transfers part of their budget and BID retains most of revenue – all in some cases). Additional non-monetary contributions from local council (3-month advance credit on management costs). In 2010 operational profit of £400,000.

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Kingston	
Background	<ul style="list-style-type: none"> • Closure of manufacturing industry along the river in the 1980s led to strategies to redefine Kingston as a retail centre (the 15th in the UK in 2005). • BID evolving from TCM company funded by public and private sector (property owners and anchor tenants). Company membership expanded to 130 members in 2001 raising around £250,000 per annum, but to go further and get contributions from the other 600 businesses the BID was seen as the solution. • Decline in footfall 2000-2005, with opening of Bluewater SC and improvements in competing centres (Wimbledon, Sutton, Bromley and Epsom), reversed with BID. • Increase in crime and violence in same period (although Kingston remains one of the safest London Boroughs), also reversed with BID. • 2nd BID being planned as Westfield SC opened. • TCM involved in town centre 20-year masterplan, which provides strategic direction for BID. • Board with 23 to represent different rate payers and negotiate conflicts between different types of BID constituents.
Recession and impact on BID area	<ul style="list-style-type: none"> • Some store closures, but so far spaces have found new tenants, although with a 6-month gap. Currently 15 empty shops in the town centre of a total of 500. Most vacancies are in tertiary areas in the periphery, which saw sharp increases in rent in previous years as demand for space grew, and now have excessively high rents. • However, footfall has grown year-on-year since 2005. • Kingston took a hit with redundancies in the City of London in 2007/08 because many City and Canary Wharf workers live in Kingston. Now there are local job losses with redundancies in the County and local councils and the courts but impact is yet to be fully felt.
Recession and Cuts: impact on income	<ul style="list-style-type: none"> • Funding level has been agreed with local authority for 2 years (up to 2012) for the services transferred to the BID. Agreement includes discount on what BID should pay back because of its status as a not-for-profit company of up to 75%, which can be reinvested in areas where the transferred budget is insufficient. At the moment, there is a profit overall, but this might change next year. • BID 2 applying 2010 NNDR list, and the 8.5% increase in income more than makes up for any reduction in levy collection rates. • Cuts in funding in other projects where there was joint funding with local council (e.g. Park & Ride, night time manager).
Recession and Cuts: impact on services	<ul style="list-style-type: none"> • BID securing continuation of some services with cross-subsidisation. • Reduced council funding of some projects/services (e.g. Park & Ride and visitor centre).
Coping strategies	<ul style="list-style-type: none"> • Extended campaign for re-ballot (from Nov 2007 to Aug 2009). • 2nd BID taking over council services as profit making opportunities (especially rental of premises and market stalls: better services at lower costs). However, this might be risky if they do not remain profitable. Transfer contracts with clause allowing for short-notice termination. • Effort to differentiate Kingston from other competing destinations, taking advantage of riverside setting and historic attractions. Taking over services from council as part of 'destination management'. • Cross-subsidisation of transferred council services (profitable ones subsidising less-profitable or those where council budgets had been cut e.g. Tourist Information Centre). • Possibility of reverting to core, levy-funded activities only if council cuts in service from 2012 are too severe. • Conversation with property owners in tertiary areas about viable asking rents. • Complex negotiations with local council involving neighbourhood committees to make sure baseline services cannot be reduced without significant political costs.
Opportunities and challenges	<ul style="list-style-type: none"> • Challenges in dealing with the local council because of different operational cultures: difficult to get decisions from council quickly, high turnover of staff and long and complex decision making structures. • If service transfer proves to be successful, there are opportunities for the BID to run more of what happens in the town centre, e.g. the whole of the cleansing operation, with savings that would allow for better services, cleaning, street furniture, whether or not funded by the BID or by the council or others. • BID role in developing and improving the town centre recognised by the council and other relevant local partnerships.

RICS Research – BIDs, Economic Recession and the Future of Stakeholder-led Public Realm Management

Nottingham Leisure	
Case Description	<ul style="list-style-type: none"> • Metropolitan Core BID, 266 hereditaments, annual income of £370,000. • Specialised BID covering licensed businesses only, and since 2009 coexisting with a separate retail BID in roughly the same area. National pub/restaurant chains and large number of very small businesses over a large area (55% of businesses). • Set up in Dec 2007 with a 75% majority on a low turnout of 33%. • In 5-year budget Marketing/Events and Safer/Secure taking up 60% of expenditure (40% on marketing), management costs around 23%. <ul style="list-style-type: none"> – In Marketing/Events advertising campaign, festivals (music, food), night-time ambassadors. – Safer/Secure: mostly Taxi marshals on Friday and Saturday evenings. – Also Business Services (12%, including Pub Watch, Best Bar None schemes) and Access (4%, including Taxi concierge). • Levy covering 70% of budget (£270,000 pa) (1.5% with annual 3.0 inflation, threshold of £1,000 RV, fixed on 2005 rate values). <ul style="list-style-type: none"> – 19 % RDA grants, 5% other grants, 3% sponsorship, 3% earned income. – Most grants involved match funding. – Part-funding of projects by local authority not included as income (taxi marshals, night time ambassadors). – Very low RV threshold to capture large number of small businesses scattered throughout the BID area.
Background	<ul style="list-style-type: none"> • Bad reputation for alcohol related crime and disorder leading to plans for an Alcohol Disorder Zone, but then replaced by a BID as a better solution (ADZ allows councils to levy extra charges from problem premises, but has never been used). • Previously a voluntary town centre management partnership which had withered. • Local authority undertook research in 2004 to check possibility of BID and the most pressing problems were night economy issues. The leisure BID appeared as the solution: all members have entertainment licenses. • There was also the issue of competition from other places: Derby and Leicester have a growing night-time scene, and although smaller than Nottingham, they had been growing at faster pace. Also, some of the suburban areas in Nottingham have become leisure alternatives (e.g. West Bridgford, Woolaton), especially for the mid-30s market. • Local authority funding for BID set-up (£125,000) through City Centre Management budget). • Some issues with communicating BID activities to large number of very small businesses and inherent costs in meeting fragmented demands. • Close connection with daytime Retail BID, with some joint work, but risk of competition for external funding as the Retail BID becomes established. Retail BID has a different budget structure in that it has little in the business plan that relies on availability of public funding. Leisure BID, on the contrary, relied on the council and RDA to co-fund some of its main activities. • Relations with the council are now very good, although have not always been so, and for a time the council's perception was that the BID was not great.
Recession and impact on BID area	<ul style="list-style-type: none"> • Significant impact of recession on night-time economy, with between 5 to 10% of members closing down. A few have reopened since and leisure businesses are recovering quicker than retail, but trading is still well below what it was. • Food and drink, and entertainment as hardest hit sectors. 2009/2010 where worst years for town centre, with significant decline in footfall. Vacancies were not high for retail or leisure units in central core, but significantly higher in secondary and tertiary areas. Some impact in the managed shopping centres because of number of multiples that closed down at the beginning of the recession.
Recession and Cuts: impact on income	<ul style="list-style-type: none"> • Decrease in levy collection rate. Hard for small businesses to find the money to pay. • In the beginning of the BID a lot of emphasis on securing funding for taxi marshals: BID would pay for 2, city council for 8. In 2010 it was cut to 5 and 5 and now the BID has to pay for all 10, meaning the budget is now largely taken by this item (although BID original plan had marshals 100% BID-funded, albeit in smaller number). Money has had to be siphoned off other expenditure items. • RDA will be disbanded, but there is a 3-year deal between the Greater Nottingham Partnership arm of the EMDA and the BID. Some funding for the 3rd year (2010/11) is still in place, although not yet known how much of the promised funding will be available. Funding for following year is unlikely.

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Nottingham Leisure continued	
Recession and Cuts: impact on services	<ul style="list-style-type: none"> • BID board decided that some of the projects in original business plan were not suited to new economic climate. • Council is not cutting basic services, but it has already cut its street cleansing budget, especially late night cleansing. BID is not involved with cleansing, but this will affect trading environment. • Co-funding for events is also likely to be greatly reduced and this will affect e.g. Light Night event (no council budget for it in the future and likely to be cancelled). RDA money was also used to fund events, and there might be a reduction in that source. • Siphoning off money to fully pay taxi marshals might compromise other projects the BID was expected to deliver (e.g. Best Bar None Award scheme, involving licensed businesses, the police and the local authority and focusing on reducing alcohol-related crime and disorder).
Coping strategies	<ul style="list-style-type: none"> • Recession affecting BID just one year after it was set up and leading to change in agenda: business plan agenda and what is being delivered are not coincident, but will have to be reconciled for re-ballot. • BID has kept 2005 rateable values, but some businesses have been negatively affected by this. • £1500 shop refurbishment grant give by BID to businesses was stopped as spending the common pot on specific businesses was unfair, especially given recessionary environment. • BID has assumed full funding of taxi marshals, a successful project, although there was resentment among levy payers as the LA previously paid for 8 of 10 marshals. • BID looking at joint purchasing of waste service initially, and then energy as part of a cost-neutral strategy. When the BID was set-up, the idea was to put money in a common pot to provide some services, now with the changing financial landscape BIDs have to prove they do not cost extra.
Opportunities and challenges	<ul style="list-style-type: none"> • City council is looking for things they can cut and the debate is whether these are useful projects that should be taken up by the BID to prevent them from ceasing altogether, or whether this is really what the BID is supposed to be doing, which is all around the issue of additionality. • The 'rebalancing of the licensing act' proposals, currently under consideration allow local authorities to charge businesses a late night levy to pay for the extra costs of policing, cleansing and maintenance. This levy would be at the council's discretion and if set too high or too indiscriminately would make the BID unviable. Challenge for BID is to demonstrate it can control alcohol-related issues through its projects so that there won't be a need for that levy. A lot of the things the levy could be spent on (e.g. taxi marshals) are already done by the BID (this is being discussed between the Home Office and BIDs nationally). • BID has become recognised as consultee in policy proposals affecting town centre, e.g. the licensing laws reform. Although businesses not always perceive BIDs in this light, some of the major chains have understood the BID can be a conduit to the council to sort out complex esp. strategic issues (e.g. new licenses). • Nottingham, like Birmingham, has sectoral BIDs and this ensures that BIDs are focused on the needs of specific types of businesses. Differently from generic BIDs, they are less likely to become privatised city centre management through offering the pattern of services local authorities used to do. Service offered by BIDs will not be generic public services, but complementary services that offer specific benefit to the sector of business they represent. • BID might have to become leading body in funding bids for public realm interventions as funding rules for public money change, rather than just delivery bodies with the LA as leading partners. • LA cautious about growing role for BIDs, especially as they all depend on public funds and support in some way or another, for set-up or for operation. BIDs do marketing/events (i.e. economic development/inward investment) or clean/safe and in both areas it is difficult to see how they could replace LAs. Even for bulk purchase, LAs are bulkier, so partnership rather than gradual replacement is more likely. • Review of the rating system might be a threat to BID as it is its main funding mechanism. Supplementary rates and funding of major strategic projects also a threat: LEPs and other new organisations with powers to levy charges to ensure improvements to infrastructure are privately funded will threaten BID levy.

RICS Research – BIDs, Economic Recession and the Future of Stakeholder-led Public Realm Management

Team London Bridge	
Case Description	<ul style="list-style-type: none"> • Metropolitan Core BID, 400 hereditaments, annual income of £1,000,000. • Office-dominated BID (68% of businesses and 86%RV), with 10% shops (2%RV), 15% pubs and restaurants (4% RV). • Re-balloted Nov 2010 for 2011-16 period, with 80% majority and high turnout (especially for RV), for slightly larger area. • Safety/Street Scene (policing and street cleansing/lighting), Place Promotion (marketing/events) and Responsible Business (environmental and community projects) sharing 65% of expenditure in roughly equal proportion, management costs around 26%, remainder for networking activities and contingency. <ul style="list-style-type: none"> – BID does not have wardens, but instead funds extra police rounds. – Funding/co-funding/acting as contractors in landscape improvements (paving, lighting, signage). – BID as contractor for specialist projects/services charged against beneficiaries. • Levy covering 87% of budget (about £850,000) (1.05% of RV in 2010 list, annually indexed for inflation up to 3%, with a threshold of £10,000 and a levy cap at £50,000). <ul style="list-style-type: none"> – 13% (£120,000 pa) revenue from capital projects/services at the request of businesses/property owners, or from co-funding of corporate social responsibility work with specific businesses, or procurement work for Guy's Hospital. – Co-funding of activities with GLA, the police and the local authority. – No regular voluntary contributions from property owners as such as they are still paying S106 monies that co-fund some of the BID's projects, but 2 of the 3 major landowners based in BID area and levy payers. – Tenants of private estates paying both BID levy and (very high) estate service charges.
Background	<ul style="list-style-type: none"> • BID as part of the legacy of the Single Regeneration Budget (SRB)/City of London funded Pool of London Partnership to tackle dereliction and create a business district in both sides of the Thames. Strong business input in the PLP preparing the way for BID. • Highly concentrated landownership. Most of the land part of 3 private estates (More London, St Martin's London Bridge City and Network Rail (Station and rail access routes). Spatial division of labour between BID and 3 estates, with the BID managing the surrounding environment in coordination with the internal management of the estates (e.g. estates with own security, BID funding extra police). However, BID in charge of corporate responsibility projects for all businesses. • 69% of levy payers with RV between £10,000 and £100,000, 91% between £10,000 and £500,000. Large support for BID amongst higher rate payers. • Vast majority of levy payers tenants of the 3 estates, so some commonality of interests between smaller and larger businesses. Some conflict with small business under threat of relocation from station redevelopment. • Borders of BID conforming to these landownership and occupancy patterns: difference in nature of business further south of the railway arches into Bermondsey (more eclectic, arty, did not see themselves as part of the same space) and that prevented the BID from expanding to the south. Big projects like the Shard might change that in the future. • Main aim of the BID to improve the attractiveness of the area as a business destination. For BID 1 the clean and safe aspects were dominant. For BID 2, on top of that there is focus on the large development projects and the re-development of the station. • Area currently focus of a number of large developments: the station, the Shard of Glass, the Quill (32-storey), the 3 Spires (56, 38 and 28-storey buildings). • Good relationship both with GLA and Southwark council, both levy payers. Southwark had exempted themselves from BID1, but will be paying to BID2.
Recession and impact on BID area	<ul style="list-style-type: none"> • Very little impact of recession on the BID area in terms of impact on businesses. • Recession might have slowed down some development schemes, which should have been completed, but have remained as building sites for longer (e.g. Barclay Homes site near Tower Bridge, the PWC building in More London).
Recession and Cuts: impact on income	<ul style="list-style-type: none"> • BID had anticipated the income from the new developments which were delayed, because of the recession. This resulted in less income for the BID for a year to 18 months. • London BIDs, a GLA-funded support network is being terminated and BIDs will have to pick up the funding, although this is quite small.
Recession and Cuts: impact on services	<ul style="list-style-type: none"> • Too early to talk about impact of local government cuts as local authorities have not yet announced. There are strict service level agreements in place, but cuts are likely to involve street cleaning. Uncertain also how the business community would respond, whether taking up the slack or not. Currently a mixed response to that. • The same applies to the police, but the BID will not be putting extra funding as the levels of crime in the area do not warrant it.

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Team London Bridge continued

<p>Coping strategies</p>	<ul style="list-style-type: none"> Local authority cuts will mean requests to BID to do LA work as BID has secure 5-year budget. It will be a challenge to decide on which of those services to pick up as businesses are still paying their business rates. It's our responsibility as the voice of businesses in the area to make sure that services are not substantially reduced and the additionality principle is maintained. BID would be prepared to take over some services depending on percentage of costs transferred. Bid has helped set up a construction support group with developers, TfL, landowners to discuss what developments are happening in the area and express the concerns of businesses. BID cannot sue local authority for breach of service level contracts, but can use the contracts as a tool in a negotiation which involves defending the issue of additionality and also deciding what businesses will be prepared to fund.
<p>Opportunities and challenges</p>	<ul style="list-style-type: none"> Opportunity to engage directly with landowners for funding once developments show signs of deterioration. Too early for that now. BID should maintain the core safe/clean portfolio of services and not be diverted away from that. That is what businesses see as the main role of BIDs. However, BID has been successful in other services/projects to do with recycling, signage, etc, which have proven to be cost saving for businesses and BID plans to expand on that. As part of corporate responsibility, BID plans to focus on employment issues, on securing jobs for the local communities. The Olympics presents an opportunity and the BID is engaged in discussions with the council, GLA and Network Rail. The major challenge for the near future is the redevelopment of the station, to make sure that the BID feed into the planning applications. There are many complaints related to the current state of the station and its surrounds and many tenants were under the impression that the works would have been completed by now. The redevelopment will last until 2017, there will be major disruptions and businesses need to be kept on board about what is going on, what decisions have been taken, where access points will be. The key issues are the management of the public realm over the next 5 years, the situation of the current tenants of the station, mostly small businesses who don't pay the levy but add to the mix, and lastly the lack of proper retail area and the BID wants to encourage a good retail mix within the development or under the railway arches nearby.

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Retail Birmingham	
Case Description	<ul style="list-style-type: none"> • Metropolitan Core BID, 420 hereditaments, annual income of £1,200,000. • Specialised BID, covering all businesses except offices. Area includes 4 major shopping centres plus smaller centres, national chains and independent retailers. • Set up in Nov 2006, majority of 70% on a 50% turnout. • Marketing/events representing 50% of expenditure, followed by 'street operations' (wardens, radio links with police, additional clean-up and decorations) with 30% of expenditure. Management costs around 12%. <ul style="list-style-type: none"> – Events at several scales: BID-wide and specific to particular types of businesses in particular locations. – Warden service supplementing City Council service. – Partnership work with the council in a series of projects. • Levy representing 44% of income (£530,000) (1% of 2005 RV annually indexed for inflation, threshold of £10,000 RV). <ul style="list-style-type: none"> – 13% (£150,000 pa) voluntary contribution from the owners, mostly from the 4 major managed shopping centres, agreed at 0.3% of RV pa (the 350 tenants of shopping centres are exempted, with the owners of the shopping centres paying voluntary contributions in lieu of the tenants' levies). There is some contribution from smaller property owners. – 39% (£460,000) from sponsorship (marketing events) and in-kind contributions from the city council (at least 50% of staff salaries, street wardens, accommodation, financial and administrative services including levy collection and recovery). – 4% (£50,000) cash contribution of the city council for project expenditure. – Grants from RDA (£35,000) for strategic studies on the local economy and from Home Office (£45,000) to provide radios to small retailers. – Development costs of BID met by city council-funded City Centre Partnership. – City Council transfer 80% of the annual BID levy at the beginning of the financial year in advance of actual collection to secure stable cash flow.
Background	<ul style="list-style-type: none"> • BID management mostly composed by the City Centre Management Team, a city council-funded structure that managed the pre-existing City Centre Partnership. • Active involvement of City Council in creating and supporting BIDs, which are regarded as a strategic partnership between the council and businesses. • Retail Birmingham one of 4 BIDs adjacent to one another operating in Birmingham city centre (Broad Street, Colmore, and the new Southside) covering areas of different functional specialisation (leisure, offices, retail). Council plans to create more BIDs around the city centre and in the suburbs, with set up costs met by City Council. There are also 2 suburban BIDs and another 4 being set up. A formalised partnership was created with the managers of the BIDs and other partners. • Shopping centre owners' contribution of 0.3 RV pa as a compromise to secure income for the BID but without pressurising service charge paying tenants and risking a no vote. • Bull Ring Shopping Centre changed the profile of retail in Birmingham, and BID created as a catalyst to spread the benefits to the whole retail core. • Property Forum created in April 2010 to incorporate the views of property owners and managing agents of the BID area and part of the effort to create a broad base of support for the ballot. • Although offices are not part of the BID, there are no tensions between their needs and the BID activities. BID was set out around issues of marketing and events, and this does not interfere with offices. Initial strategy included levy of 0.5% of RV for offices, but it was dropped as potential extra income did not make up for higher risk of no vote as BID did not really concern offices. • Different needs of smaller retailers and large national chains included in BID, with events and projects targeted at different sectors. • Very close relationship with the City Council with most of the Senior BID team council employees. This keeps BID close to council decisions, although blurred delimitations occasionally creates frictions on both sides. However, this model of financial dependence on the council for the BID management was chosen at the start by the businesses, probably because of previous tradition of joint work and because it allowed the BID to concentrate levy resources elsewhere.
Recession and impact on BID area	<ul style="list-style-type: none"> • BID has been monitoring vacancy rates, and there are much lower than the figures for the wider city region. Large catchment areas seem to have helped the retail core of large cities and impact of recession has been small. Large successful shopping centres such as the Bull Ring draw footfall and sales. • Independent businesses have suffered more, and this has affected particular places within the BID area where there is a concentration of small businesses and where there would be more vacancies.

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Retail Birmingham continued

Recession and Cuts: impact on income

- Voluntary contributions from property owners have stabilised with some owners dropping out of the scheme because of transfer of ownership in the BID area accelerated by the recession.
- Levy money is taking longer to be collected as distressed businesses hold on to their money for longer. However, as the council pays the levy to the BID upfront cashflow for BID projects it has not been a problem, although it might become one if the money is not paid and the BID has to return money to the council.
- Sponsorship also more difficult to get.
- Impact on income expected to affect BID 2 in 2012, especially if the amount of voluntary contributions and sponsorship is not the same. That can change the nature of the budget. However, BID 2 will adopt the 2010 RV list and that would make up for some reduction in income.

Recession and Cuts: impact on services

- Full implications of cuts on BID services not yet entirely clear.
- Some impact on events and marginal impact on street cleaning by the city council, but this will not affect the BID clearing service as it is of a different nature. Some impact on floral enhancements.
- City centre strategically important for council and BID does not expect significant cut in services. The same applies to the police: it is not in their interest to reduce services in the city centre.
- Warden service (part funded by the city council, part by BID) is secured for the time being.
- There haven't been instances of the city council try to transfer to the BID services they no longer wanted to run, except in the case of street trading, which the BID refused.

Coping strategies

- Voluntary contribution from property owners linked to specific project of their interest. This has helped to get contributions from large and small owners.
- BID working with the owners and tenants of smaller shops to help them weather the recession: negotiating with the council about business rate payment, making sure businesses know about grants, discussing with individual businesses. Also events directed at smaller businesses and mentoring support from larger retailers.
- BID insisting on the additionality element of BID services to secure that Council does not reduce services that are directly complemented by the BIDs (e.g. wardens: BIDs would not fund their own if Council withdrew theirs).
- So far sponsorship as the main form of raising extra income for the BID: some of the events are large, with national celebrities and that makes them attractive for corporate sponsorship.

Opportunities and challenges

- As BID develops and becomes more active in areas other than marketing and more e.g. in the street environment it might consider incorporating office uses and becoming not just a retail BID as it will have more to offer to them.
- BID is considering the opportunity for joint procurement of services, and if there is any interest from businesses this might be included in future activities.
- BID has commissioned a lot of strategic work and the challenge is how to delivery that strategy without the support of a regional economic development body like the RDA, without any external funding.
- There is a lot going on for Birmingham with the redevelopment of New Street Station, a new John Lewis and more shops and the challenge is to capitalise on all that and make sure that the BID agenda influences these developments and they help to deliver some of the BID's objectives.
- BID does not see itself evolving as a service delivery organisation taking over council services. It sees its role as that of a Council partner complementing existing services.
- Opportunities for coordinating work among the 4 city centre BIDs, on services, events and other joint work.

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London Riverside	
Case Description	<ul style="list-style-type: none"> • Industrial Area BID, 250 hereditaments (125 in the Fairview estate), annual income of £140,000. • Large area (120 ha) covering several industrial estates (many with own management structures) housing businesses of different sizes. • Set up in 2007 with an 80% majority but a 30% turnout. • 'Safe and secure' taking up 42% of approved budget, 'Clean' another 26%. Management costs around 25%. <ul style="list-style-type: none"> - CCTV with number plate recognition capability, monitored 24/7 by Homes in Havering (LB Havering main ALMO, subcontracted by BID), night-time/weekends mobile security patrols, radio service connecting the police and BID's mobile patrols. - Litter patrol to complement minimum service offered by council. - Clearing fly-tipping on private roads inside estates. • Levy covering 80 to almost 100% of budget, depending on the availability of grants (1%, adjusted up to 3% annually for inflation, RV threshold £5,000, levy ceiling of £7,500). <ul style="list-style-type: none"> - London Thames Gateway Development Corporation £172,000 grant in 2009/10, part match funded by the BID (£50,000.00) and LB of Havering to help with CCTV-related capital investment. - Contribution in kind from Local Authority to set out BID and levy collection costs in first year, plus costs of NPR software. - Local authority help to complete small projects (e.g. roundabout signage). - No contribution from property owners (except on empty properties).
Background	<ul style="list-style-type: none"> • Successor to Ferry Lane Action Group, a business-led partnership, which had operated for 5 years with match funding from Business Link, Made in London and other public funding targeted at industrial estates. FLAG funding ended in 2006 and BID was devised to continue the work. BID covering larger area than FLAG. • BID main concern is safety and security of area. • BID works with other neighbourhood organisations in the area, and with the local Safer Neighbourhoods Team to lobby for/against planning applications or changes in parking rules, etc. that might affect the area. Good relations with resident community in Rainham as many work within the BID area.
Recession and impact on BID area	<ul style="list-style-type: none"> • Vacancies have affected larger properties more visibly, with some remaining empty for a couple of years. This affects the owners' willingness to pay the BID levy on empty properties, especially when added to cost of rates and service charges. Smaller properties might have lose occupants but turnaround has been much faster.
Recession and Cuts: impact on income	<ul style="list-style-type: none"> • Vacant areas belonging to the LDA were included in the BID to secure levy income from developments that were expected to happen soon but so far have not started. • Past income from grants and in-kind help from local authority unlikely in the near future.
Recession and Cuts: impact on services	<ul style="list-style-type: none"> • Due to the cost of rebalotting in 2012 and unavailability of grants to make up for expense, capital spending by BID has stopped. • Cuts in council services in the area are not expected as the council already does the bare minimum in terms of cleaning and cleansing. • Police has withdrawn a response vehicle in January and the BID has paid for replacement bicycles.
Coping strategies	<ul style="list-style-type: none"> • BID has been working with the police and the council to get their support for the rebalot. • Some private estates have management systems that are not well developed and BID has tried to help them with financial and managerial support. • Currently lobbying Transport for London with the council to get bus services in Ferry Lane as a way of improving accessibility.
Opportunities and challenges	<ul style="list-style-type: none"> • Rebalotting in 2012: Although BID has achieved most of what it set out to achieve, recession affects people's willingness to commit spending and time to BID. Also, many estates already have service charges. • To be able to keep pace with the necessary capital improvements (esp. the CCTV network) the levy will have to rise to 2%, but it might not be possible to go beyond 1.5%. • Difficulties in spreading the benefits of the BID over a large area. • In second term, if successful and with increased resources BID could look more at the bigger picture and broaden its approach from the basic safe and clean, although these are essential to the BID. • Industrial BIDs have a mix of public and private land and there are challenges in dealing with e.g. private roads in desperate need of maintenance when the owners do not want to act. Some private estates have management systems that are not well developed and BID has tried to help them with financial and managerial support.

Albion	
Case Description	<ul style="list-style-type: none"> • Industrial Area BID, 123 hereditaments, annual income of £170,000. • Area covering several industrial estates with mostly metal-related industries (automotive, aerospace). • BID 1 approved in Apr/2006 with 85% majority and 48% turnout, BID 2 in Nov/2010 with a significantly expanded area (68 businesses in BID 1). • Safer/Secure taking 60% of budgeted expenditure, marketing 15%, management costs around 15%. <ul style="list-style-type: none"> - CCTV monitoring, maintenance and additional equipment taking almost 3/4 of safer/secure budget, with patrols taking much of the rest. - Events, national marketing and advice to business taking most of the marketing budget. - 'Better Place' – small allocation for banners and clean up, health screening event. • Levy covering 100% of budget (4% of RV, threshold of £10,000 RV and capped at £4,000. No levy on empty properties or on industrial estates with independent security arrangements paid for by service charges). <ul style="list-style-type: none"> - BID 1 raised £280,000 in grants from Government (NDC) and local authority (capital investment in CCTV system and setting up of BID 1). BID 2 expects to raise some money to extend network. - BID 1 raised £600,000 in in-kind contributions (events, training programmes). - BID 1 had a voluntary membership scheme (Friends of the BID, mostly for joining the CCTV service – although some of the fee could not be collected). - Businesses in estates with service charges paid levy to BID 1, but are exempted in BID 2. - BID 2 expecting extra income from levy-exempted businesses buying specific services (e.g. CCTV monitoring, patrols or keyholder service).
Background	<ul style="list-style-type: none"> • Main issue in area was crime, particular stealing of scrap metal and resulting fly-tipping of discarded material, with financial implications for victims, but also for ability of area to attract inward investment. Also, increasing costs of insurance against theft. • Area was part of an NDC programme and a £250,000 grant to buy CCTV cameras was conditional on the formation of a BID as a way of securing revenue to pay for the operation of the CCTV system. NDC provided funding for setting up the BID. • Albion Business Forum as a predecessor of the BID, driven by Groundwork and much smaller, focusing on employment for young offenders, working within the NDC project. • Limits of original BID area shaped by likelihood of support for BID and location of strategic roads for the CCTV system. Efficient CCTV system has led to displacement of crime, from BID 1 area into surroundings, and wider interest in incorporation into CCTV system led to increase in BID area for BID 2. • BID contains both tenants and owner-occupiers and BID has closer relationships with the latter. Size of firm is not as important, although the smaller business can be very transient, especially the rented units. • 50% of businesses are very small, 25% medium and 25% reasonably large. • Very good relations between the BID, the police, the local authority and other public service providers, and BID generally perceived as a conduit between local business and the council and other public sector organisations. Not good with Chamber of Commerce which sees BID as a threat.
Recession and impact on BID area	<ul style="list-style-type: none"> • Limited impact of recession in terms of business closures. More significant problem has been the inability to raise loans with banks, especially smaller businesses. This led to significant laying-off of personnel in 2009, although most are now back. • Although difficult to quantify BID might have been important to prevent some companies from closing down, as break-ins can mean loss of tens or hundreds of thousands of pounds of stock and this can tip the balance in times of recession.
Recession and Cuts: impact on income	<ul style="list-style-type: none"> • No significant reduction in income, although some delay with payment of levy, and numbers of vacant units within BID have been falling. • BID did not include in budget income other than the levy because this was not secure income and therefore BID has not relied on insecure sources for any of its business plan objectives. Any extra resources will be used to complement and add to the approved business plan. • Significant decline in grants and contributions in kind, but BID 2 BP much less dependent on them. BID 2 much larger and bigger LP pool. • BID 1 allowed businesses adjacent to BID area to buy into CCTV system through Friends of BID scheme, but payment could not be enforced and there were many cases of default.
Recession and Cuts: impact on services	<ul style="list-style-type: none"> • Not significant. Business plan covered by levy and local authority delivers minimal services to the area. Cleaning is done not very often and maintenance of footpaths and roads is minimal, so not much to cut and save money on.

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Albion continued	
Coping strategies	<ul style="list-style-type: none"> • Due to absence of physical changes (most of the investment was in CCTV operation), BID had to remind voters of how bad situation was before the BID. Focus on security and CCTV operation has led to very little visible signs of BID activity. New BID has more focused on visible outcomes. • BID 2 is redesigning voluntary payments by non-levy payers and limiting this to service that can be withdrawn in case of default on payment (e.g. keyholding service, call-out patrols, lighting). • Extension of area leading to difference in degree of coverage by BID services (CCTV equipment mostly located in original area). BID using car patrols in new areas to make up for that. This will reduce as new cameras are added. • Although BID has good relations with local authority, it does not want to be involved in all plans and consultations in order to keep a distance and not to raise concerns amongst BID members with plans that might not happen.
Opportunities and challenges	<ul style="list-style-type: none"> • BID looking at cost-saving opportunities for members, with at least 50% of their levy returned to them through consortium buying. • BID looking at the possibility of setting up a Business Credit Union, for the provision of cheaper credit for smaller businesses. Other project is bringing in experts to advise small businesses, either from large companies within BID or from outside, in marketing, finance and related subjects. • Marketing strategies to improve image of area both for investors and a skilled workforce. • As an industrial area BID containing an important part of the local economy, BID might benefit from LEP funding, depending on final details on LEPs. • New bid areas have private estates with private roads and any improvement in these areas will be more difficult: council cannot help, some landowners are absent and lease conditions (especially repair and maintenance obligations) vary within some estate. Challenge in coordinating any work there).

Table 6 Case study comparison

	TOWN CENTRE			
	Blackpool	Rugby	Truro	Bury St Edmunds
Justification Costs & Benefits	<ul style="list-style-type: none"> • Agenda developed from Town Centre Forum & regeneration initiatives, with broad support. • Crime & Safety, cleanliness and competitiveness as key issues. • Renewed mandate suggests success in tackling agenda (especially Crime & Safety). • Some services represent real savings, especially for smaller levy payers. • Maturing as voice of city centre businesses and mediator between businesses, Council and police. • Fund raising capacity. • Capacity for cheaper and more effective delivery of services, partly realised. 	<ul style="list-style-type: none"> • Long standing issues of crime and safety incorporated into BID agenda. • Crime & Safety (CCTV system and rangers) main purpose of BID. • Renewed mandate on a relatively high levy and low threshold suggests success. • Direct and indirect benefits for levy payers from sophisticated CCTV system pooling public and private resources (e.g. reduction in crime and in insurance premiums). • Maturing as voice of city centre businesses and mediator between businesses, Council and police. • Capacity for cheaper and more effective service delivery (especially safety). 	<ul style="list-style-type: none"> • BID evolved around marketing issues and desire to capture trade from commuting and seasonal flows. • More secure funding for Christmas lights as catalyst. • Marketing and events as main purpose of BID. • Renewal only in 2012, but BID already perceived as reasonably successful, especially with the running of the Christmas lights. • Potential for cheaper and more effective service delivery, used as a model for town centre management in the county. • Fund raising capacity. 	<ul style="list-style-type: none"> • BID created as an attempt to put the Town Centre Management Company in more resilient financial footing, and not as a result of specific agenda. • 1-year old BID, trying to justify its existence to constituency of small businesses. • Marketing and events dominant in business plan, but main spending on rangers and a few events, which have yet to demonstrate value for money for levy payers. • Potential for cheaper and more effective delivery of services, including those previously offered by TCM company.
Voluntary contributions (VC) & non-levy income	<ul style="list-style-type: none"> • 20% income non-levy. • VC from property owners in original business plan but never collected. • Extra contribution from subscriptions to services, in budget (20%). • Regeneration grants and Council contributions in kind, extra-budget (inc. advance transfer from Council) (£240,000 in grants for 2010-11). 	<ul style="list-style-type: none"> • No VC from property owners and never sought. • 28% income non-levy, mostly associated with CCTV system (BID runs system as contractor from Council; subscriptions to system from non-levy paying businesses). 	<ul style="list-style-type: none"> • VC from property owners minimal, although more predicted in business plan. • 91% levy income: small amount of income from private sponsorship of events, and small amount of VC from Council. • Small grants from EU Convergence Funds. 	<ul style="list-style-type: none"> • 97% levy funded, with remaining from event sponsorship. • VC from property owners and voluntary membership included in Business Plan, but have not materialised. • Significant contribution in kind from Council to cover management, administration and levy collection, not included in budget.

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	TOWN CENTRE			
	Blackpool	Rugby	Truro	Bury St Edmunds
Recession and Cuts: impact on income	<ul style="list-style-type: none"> Levy rate reduced from 1.4% RV average to 1% for re-ballot, but shortfall compensated by increase in area. Of the non-levy income grants worst affected. Loss of government part-funding for programmes. 	<ul style="list-style-type: none"> Levy had to be kept at 2005 levels for new BID, with a loss of £100,000 in revenue. Council funding for CCTV secured to 2015, so no significant impact on non-levy income. 	<ul style="list-style-type: none"> Reduction in sponsorship income and VC, but overall minimal effect. delays in transfer of EU grant. 	<ul style="list-style-type: none"> No impact on levy income, although lack of engagement of levy payers with BID might change that. Council contribution to former TCM company has not been entirely transferred to BID. Cut in Council funding for Christmas lights have meant reallocation of resources towards that event.
Recession and Cuts: impact on services	<ul style="list-style-type: none"> BID restructuring their services to make up for reduction in council services and grants (cleaning, wardens). BID taking over some events from council as contractor, others scaled down. Less scope for grant-funded projects. 	<ul style="list-style-type: none"> As the main services are the CCTV system and rangers, and funding for both is secured (former by agreement with Council, latter from levy), no impacts expected. Potential for some reduction in Council cleaning services, but BID service is distinct. 	<ul style="list-style-type: none"> Main activities are marketing and events which Council did not provide and funding is secured through levy, so no impacts, but some reallocation of resources towards priority projects. Delays in starting grant-funded initiatives. Reduction in council services affecting the BID (CCTV monitoring), which may lead to reallocation of resources to secure service levels. 	<ul style="list-style-type: none"> Uncertainties about Council cuts and need to gain support for BID leading to reallocation of priorities, with focus on street rangers rather than marketing and events. Small capital projects in partnership with Council will now only go ahead if BID fully funds them.
Coping strategies	<ul style="list-style-type: none"> Focus on operational issues (clean/safe) with visible outcomes rather than strategy. Restructuring of services to make sure key projects are not affected. Exploring cost-neutral ideas (joint procurement for waste recycling). Less detailed & more flexible business plan in re-ballot, with a clearer focus on the cleaner/safer priorities and more reliance on levy funding. Community interest company status to benefit from larger funding pool. 	<ul style="list-style-type: none"> Decision keep the levy at 2005 levels as a way of keeping support from mostly small businesses for re-ballot. Exploring cost-neutral ideas (joint procurement for waste recycling). Emphasis on the BID track record in improving safety in the trading environment. Use the status of the BID as representative of business interests to lobby the Council against reduction relevant services. 	<ul style="list-style-type: none"> BID has kept the levy at 2005 levels as a way of keeping support, esp. from small businesses. Reallocation of spending towards key priorities especially Christmas lights to ensure these were not affected if situation changed. Exploring cost-neutral ideas (joint procurement of energy). 	<ul style="list-style-type: none"> BID has kept the levy at 2005 levels as a way of keeping support from levy payers. Focus on rangers as main initiative as way of providing visible presence and gaining support from small retailers. Full funding for Christmas light to make up for shortfall of Council funding. Replacement of BID manager to try and change image of BID and increase support. Focus on needs of levy payers rather than town centre businesses in general.



	TOWN CENTRE			
	Blackpool	Rugby	Truro	Bury St Edmunds
Challenges	<ul style="list-style-type: none"> • Strategic work as regeneration funding for Council dwindles. • Capitalising on the recent large regeneration investment in the town centre. • Focusing on the evening economy as opposed to day-time retail. • Securing expected standards of services when baseline is reduced. 	<ul style="list-style-type: none"> • Move beyond the safety agenda. • Secure an increase in footfall in what is primarily a local town centre. 	<ul style="list-style-type: none"> • Cuts in services relevant to BIDs might require the BID to consider stepping in. • County Council views BID as a way of filling gap in service provision and there is pressured for BID to be more operational and deliver public services. • Christmas light a quick success, but longer-term maintenance issues not considered. Issue of keeping success in the long term. 	<ul style="list-style-type: none"> • Persuading BID constituency that the BID can be beneficial to them and overcoming impression that BID is there to benefit a handful of larger businesses. • Make large investment in street rangers successful. • Risk of council using BID to offload its responsibilities without corresponding funding, inc. full remit of former TCM company. • Gaining respect from the Council as a potential representative of business interests.
Opportunities	<ul style="list-style-type: none"> • BID standing as a representative of business interests and conduit between businesses, Council and the police. • Social enterprise status: funding opportunities and partnerships. • Consolidation of BID as a recognised player in city centre governance. 	<ul style="list-style-type: none"> • Exploring further the status of the BID as 'voice of businesses' to negotiate council policies related to the town centre. • Explore further cost-neutral services. 	<ul style="list-style-type: none"> • More cost-neutral initiatives with joint procurement. • Exploring credibility of BID as representative of local businesses to shape policy. • Cooperation with new BIDs being set up in and around Truro. 	<ul style="list-style-type: none"> • Developing the 'business support' programme of business plan, including joint-procurement.

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	METROPOLITAN PERIPHERY		METROPOLITAN CORE	
	Kingston	Nottingham Leisure	Birmingham Retail	London Bridge
Justification Costs & Benefits	<ul style="list-style-type: none"> • BID evolved from active town centre management company as way of expanding company and increasing resources. • Agenda focused on competitiveness of town centre and links with 20-year Masterplan. Marketing and cleansing dominant. • Renewed mandate in 2009 with solid majority suggests success in delivering agenda. • Significant operational profit from services managed on behalf of council, reinvested in BID projects. • Cheaper and more effective delivery of services on behalf of Council. • Fund raising capacity. • Structured representation of city centre businesses and mediator between businesses, Council and police. 	<ul style="list-style-type: none"> • BID did not evolve directly from the TCM partnership which had withered, but from Council-led effort to deal with alcohol-related issues and as alternative to an Alcohol Disorder Zone. • More pressing problems of evening economy leading to specialised BID. • BID agenda derive from need to tackle reputation of city centre and competition from other leisure destinations. Marketing dominant, followed by safety (the taxi marshals). • Some successful initiatives, esp. taxi marshals securing support from businesses, although large number of very small levy payers makes difficult to assess depth of support. • Role as mediator between council and businesses, esp. in more strategic issues, partly realised. • Potential to deliver services more cheaply and effectively. • Fund raising capacity and potential for more effective night-time economy management, less reliant on public funding. 	<ul style="list-style-type: none"> • BID evolved from an active City Centre Partnership, a strategic partnership between the Council and businesses, largely funded by the former. • BID agenda evolved as a partnership response to significant developments in the city centre and the challenges/opportunities they created: marketing and events dominant, followed by cleaning/safety. • Renewed mandate late in 2011 would indicate recognition of value by LP or otherwise, but so far there is broad support from key public and private players (including property owners through a Property Forum). • Council support for BID model reflected in extension of number of BIDs in city centre (3 + 1 new) and in the periphery (2+ 4 new). • Partnership character of BID supported by both businesses and Council. • Potential for more effective city centre management, less reliant on public funding, so far realised. 	<ul style="list-style-type: none"> • BID evolved as legacy of Single Regeneration Budget (SRB)/Corporation of London-funded Pool of London Partnership, a regeneration body with strong business input: keeping the regeneration momentum and protecting value of investment. • Agenda based on improving the attractiveness of the area as a business destination: public realm cleanliness/safety, marketing and corporate social responsibility. For BID 2 focus is on impact of large new developments. • Renewed mandate in Nov 2010 with 80% majority on a reasonable turnout suggest wide support and recognition of value by levy payers. • BID complements management of the 3 major estates that make up most of the area. • Council and Greater London Authority (GLA) support as part of wider strategies for public realm governance and local economic development. • Potential for more effective public realm management, less reliant on public funding, so far realised.

	METROPOLITAN PERIPHERY	METROPOLITAN CORE		
	Kingston	Nottingham Leisure	Birmingham Retail	London Bridge
Voluntary contributions (VC) & non-levy income	<ul style="list-style-type: none"> • 20-25% income non-levy. • 5% income from VC from original TCM sponsors (property owners and Council) to pay management costs and joint projects. • 20% income from management of services (Council budget transfer + income). • Additional in-kind contribution from Council for management costs. 	<ul style="list-style-type: none"> • 30% income non-levy. • 24% of business plan to be funded by grants, especially from the Regional Development Agency (RDA). • 3% each from sponsorship of events and sale of services. • Extra-budget in-kind support from Council for events, funding of taxi marshals. • No VC from property owners. 	<ul style="list-style-type: none"> • 56% non-levy income, with significant dependence on Council funding. • 13% income VC from shopping centre owners (in lieu of tenants' levy). • 39% from sponsorship of events, mostly in-kind, and in-kind contributions from the Council (salaries, management costs, accommodation, levy collection, but excluding advance transfer of levy). • Small amounts from grants from Council, RDA, Home Office for specific projects. 	<ul style="list-style-type: none"> • 87% income from levy (inc. tenants of the managed estates). • No VC from property owners (although 2 major owners as LP occupiers). • 13% revenue from projects and services commissioned by businesses/property owners. • Co-funding of activities with GLA, the police and local authority (extra-budget).
Recession and Cuts: impact on income	<ul style="list-style-type: none"> • Adoption of 2010 business rates list for BID2 meant increase in levy income, so no impact. • Funding level for transferred services agreed for 2-years, so no predicted impact until 2012 when new agreements will be negotiated. • Cuts in funding for some jointly funded projects from Council and Transport for London (TfL). 	<ul style="list-style-type: none"> • Some decrease in levy collection rates. 55% levy payers are small businesses (rateable value threshold for levy payment is £1,000). • Council has cut its in-kind funding, leading to reallocation of resources to cover for shortfalls, especially as this was linked to priority activities. • RDA funding likely to cease and even contracted funding for 2010-11 might not be fully delivered. 	<ul style="list-style-type: none"> • Levy collection has become slower, but no immediate impact on income as levy is transferred in advance. However, potential for impact in future if transfer needs to be paid back to Council. • VC from property owners declined with changes in ownership, but now stabilised around core of Shopping Centre owners. • Decrease in sponsorship, now harder to get. • Council contributions in kind secure for the time being. • Absence of grants for specific projects, especially from RDA which in the past were important. • Impact on income expected for BID 2 in 2012, especially VC and sponsorship income. However, new BID will adopt 2010 rates list and that will make up for part of the potential shortfall. 	<ul style="list-style-type: none"> • No reduction in levy income, but BID anticipated added income from new developments has been postponed for 12-18 months as developments were delayed. • Funding for a small project from the GLA likely to end, with BID reallocating resources to make up for shortfall. • Funding from commissioned project might be affected, although no significant impact expected.

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	METROPOLITAN PERIPHERY	METROPOLITAN CORE		
	Kingston	Nottingham Leisure	Birmingham Retail	London Bridge
Recession and Cuts: impact on services	<ul style="list-style-type: none"> • Not significant so far. BID has taken over some projects affected by Council cuts and cross-subsidises them with income from other activities. • Other projects not directly linked to BID which lost funding have terminated, especially visitor centre, and BID might take it over in the future. • Cuts in contribution to joint projects especially night-time manager and Park & Ride, but some of shortfall picked up by BID. 	<ul style="list-style-type: none"> • BID board decided to not to start a number of projects and services which were unlikely to succeed. • Cuts in Council services not directly related to BID especially late night cleansing will affect trading environment. • Cuts in contributions to jointly funded events by Council and reduction of RDA grants leading to cancellation of events. • Termination of Council funding for taxi marshals leading to BID now fully funding t whole project, so no impact on service, but siphoning off of resources to it means that other BID projects will not be delivered, especially Best Bar None Awards. 	<ul style="list-style-type: none"> • Full implications of council cuts not yet clear. Some impact expected on the funding of events and floral arrangements. • Strategic importance of city centre for Council and Police ensures cuts in services will not be significant. • Reduction in street cleaning services, but no direct impact on BID service as it is of a different nature. • Warden service (mostly Council funded) secure for now, but might become at risk if Council withdraws funding. 	<ul style="list-style-type: none"> • Not significant so far. Full implications of Council cuts not yet clear. Most likely to affect street cleaning and BID will have to decide whether to take over. • Cuts by the police likely, but BID will not put extra funding as levels of crime do not warrant it.

	METROPOLITAN PERIPHERY	METROPOLITAN CORE		
	Kingston	Nottingham Leisure	Birmingham Retail	London Bridge
Coping strategies	<ul style="list-style-type: none"> • Taking over of council services as a profit making opportunity (efficiency gains and better service at lower costs), but securing possibility to revert to core agenda if cuts in 2012 are too severe. • Cross subsidisation of services, esp. transferred services from Council. • Negotiation with property owners in marginal areas to secure viable rent levels and decreased vacancies. 	<ul style="list-style-type: none"> • Change in agenda to cope with recession: original business plan not being delivered as approved, but this will have to be reconciled for re-ballot. • BID has kept levy at 2005 rate levels as a way of keeping support esp. from small businesses. • BID took over full funding of key projects to make up for Council cuts, although this deviated from approved business plan. • Exploring cost-neutral ideas (joint procurement for waste recycling initially, then energy) to demonstrate value for money for levy payers. 	<ul style="list-style-type: none"> • Exclusion of offices and Shopping Centre tenants from BID as strategy to maximise yes vote. • Setting up of Property Forum to secure support from property owners. • Linking voluntary contributions from property owners to specific projects of their interest. • BID bringing together small tenants, property owners and Council to help the former weather recession and secure their support. • Insistence on additionality in discussion with the Council to ensure the council will not cut jointly-funded projects. • BID has taken advantage of size and importance of city centre to make event sponsorship a significant source of income. 	<ul style="list-style-type: none"> • So far cautious approach to taking over Council services that might be reduced and emphasis on additionality. • Setting up a construction support group with developers, TfL, landowners to discuss the impact of on-going and impeding large developments to make sure concern of businesses is considered. • Some joint-procurement projects in recycling, reducing operational costs for levy payers. • Maintaining a clear portfolio of safe/cleaner/image services as the main justification for the existence of the BID.
Challenges	<ul style="list-style-type: none"> • Keeping the model of BID as service manager and delivery agency if Council cuts are severe. • Making sure baseline agreement for council services are not reduced. 	<ul style="list-style-type: none"> • Define what services the BID could take up as council withdraws funding for non-statutory services without losing sight of the issue of additionality. • Licensing act review recommendation for a discretionary extra levy on licensed businesses to pay for council costs : if too high or indiscriminate BID would become unviable and challenge is to demonstrate the BID is already the answer. • Growing remit but without trying to replace the Council as BID still depends on it to remain viable. 	<ul style="list-style-type: none"> • Securing yes vote for BID 2 in a more adverse environment with less potential for using levy to raise further income. • Securing continuity of key BID initiatives without support from grants or any external funding: BID has commissioned studies to that effect. • Resisting pressure from Council to take over services they no longer want to run and which are not related to the BID core purposes. 	<ul style="list-style-type: none"> • Pressure to take over Council services as BID has secure funding: how to decide what to take on without affecting the principle of additionality. • Coping successfully with the large developments planned for the area and making levy players interests heard.

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	METROPOLITAN PERIPHERY	METROPOLITAN CORE		
	Kingston	Nottingham Leisure	Birmingham Retail	London Bridge
Opportunities	<ul style="list-style-type: none"> • Provided service transfer is successful, opportunities for BID to run more of what happens in town centre and delivering better quality services. • Exploring further the status of the BID as an important and well-resourced player in the management of the town centre. 	<ul style="list-style-type: none"> • Exploring further the role of BID as consultee in policy proposals related to the town centre, especially on strategy. • Potential for collaboration with new and conterminous Retail BID. • Maximising the advantages of being a specialist BID, with a focus on a particular sector of businesses. • maximising the potential for the BID to become leading body in funding bids, rather than just delivery bodies for the Council. 	<ul style="list-style-type: none"> • BID is considering exploring opportunities for cost-neutral initiatives such as joint procurement of relevant services. • Further major re-developments in the city centre creating opportunities for BID to consolidate its role in the management of the city centre and deliver its agenda. • Exploring further the potential gains from coordinated work among the 4 contiguous city centre and the 6 suburban BIDs. 	<ul style="list-style-type: none"> • Exploring further cost-neutral initiatives, but without diverting from the core agenda. • Taking advantage of the 2012 Olympics for corporate responsibilities projects. BID is currently discussing with Council, GLA and Network Rail. • Taking advantage of the large new developments to consolidate the image of the area and the role of the BID in its management.

	INDUSTRIAL AREA	
	London Riverside	Albion
Justification Costs & Benefits	<ul style="list-style-type: none"> • BID evolved from Ferry Lane Action Group, a business-led partnership funded by regeneration/ economic development grants. BID set up to carry on with the work when FLAG funded ended, but over larger area. • Dominant safe and secure agenda (CCTV and patrolling), with a focus on safety and making area attractive as business and employment location. • Renewed mandate early in 2012 will confirm whether levy is justified. So far, firm support from Council. Levy payers' support will depend on perception that BID has made a difference, especially on safety gains in relation to cost of levy. BID has met objectives of Business Plan, but fragmented nature of some industrial estates, physical barriers, existing service charges and low-visibility nature of CCTV investment makes renewal not a given. • Cheaper and more effective delivery of services on behalf of Council. • Fund raising capacity. 	<ul style="list-style-type: none"> • BID emerged as exit strategy of a New Deal for Communities (NDC) project, as a way of securing revenue to manage the project's capital investment in a CCTV system. Albion Business Forum as the predecessor, a small business-led partnership part in the NDC project. • BID original agenda, its area and coverage based on the operation of the CCTV system: reducing theft and its consequences for individual business and the area as a whole. Emphasis on the safe/ secure agenda, mostly involving the operation of CCTV and patrolling, with some marketing. • Renewed mandate in Nov 2010 for a much expanded area (80% increase in hereditaments) suggesting broadening support from local businesses, based on success of safe/secure initiative (especially CCTV and including benefits of reduced insurance premiums) and desire to expand its coverage. • Economic development objectives from Council and RDA, partly realised. • Cheaper and more effective delivery of services on behalf of Council. • Fund raising capacity (especially grants). • Structured representation of local businesses and mediator between businesses, Council and police.
Voluntary contributions (VC) & non-levy income	<ul style="list-style-type: none"> • Normally 0% to 20% non-levy funded, depending on availability of grants. • Significant LTGDC grant for CCTV capital investment in 2009-10 (120% of year's levy income), with some match funding from BID and Council. • No VC from property owners. • Extra-budget contribution in kind from Council (BID set-up, levy collection costs, acquisition of number plate recognition software, street signage). 	<ul style="list-style-type: none"> • BID 2 Business Plan 100% levy-funded. • BID 1 relied on substantial grants from NDC and Council (especially for CCTV). BID 2 is expected to raise much more modest sums, extra-budget. • BID 1 raised even larger amounts as in-kind contributions to events and training programmes. • BID 1 had Friends of the BID scheme, non-levy payers who paid a set VC to receive services. BID 2 will get extra income from a direct sale of services.
Recession and Cuts: impact on income	<ul style="list-style-type: none"> • Not significant so far, but income from grants and in-kind contributions from Council unlikely in the near future. • Expected levy income from new developments on LDA vacant land has not materialised as developments have been postponed. 	<ul style="list-style-type: none"> • No significant reduction in income, although some delays in levy payment. • Significant decline in grants and contributions in kind, but BID 2 business plan much less dependent on them, and with a much larger levy payer pool. • Many cases of default in the Friends of BID scheme (especially related to CCTV services)and payment could not be enforced.

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	INDUSTRIAL AREA	
	London Riverside	Albion
Recession and Cuts: impact on services	<ul style="list-style-type: none"> No significant impact expected from Council cuts in services as area already receives the bare minimum. Capital spending by BID (especially new CCTV) has stopped because of unavailability of grants and large costs of re-balloting: only revenue spending on on-going projects. BID has covered cuts in police spending (withdrawal of response vehicle) by funding replacement bicycles. 	<ul style="list-style-type: none"> No significant impact expected: business plan activities are covered by the levy and Council services to the area are already minimal.
Coping strategies	<ul style="list-style-type: none"> BID is concentrating on getting support for the re-ballot, from police, Council and levy payers. Keeping focus of activities in the safe/secure and clean agendas, essential to justify the BID. BID has been working with TfL to improve bus access to the different industrial estates to facilitate recruitment and retention of labour force. BID has provided management support for privately managed estates where management systems are weak and impact on the attractiveness of the whole area. 	<ul style="list-style-type: none"> BID 2 Business Plan 100% levy-funded as a strategy to cope with recession & cuts: any extra resources will complement the business plan. Replacement of voluntary Friends of BID system by direct sale of individual services to ensure that only services paid for are available to non -LP. Use of car patrols to compensate for absence of CCTV cameras in new BID areas while capital investment money for new cameras is being pursued: securing spread of services. Increasing focus on more visible outcomes (especially physical changes) in run-up to re-ballot as CCTV investment might have been successful, but benefits or presence are not immediately evident, especially for new occupiers.
Challenges	<ul style="list-style-type: none"> The re-ballot in 2012: although BID has delivered on its objectives, recession makes the levy a burden, esp. in estates which already have service charges. Levy will have to rise for BID 2 to keep the pace with capital improvements (up to 2%), but this might jeopardise approval for 2nd mandate. Difficulties in making benefits of BID felt over a large area (120 ha), especially safety measures like CCTV which needs capital investment. Mix of public and private roads, and challenge of maintaining quality of environment in private land when owners don't want to act. 	<ul style="list-style-type: none"> Coordinating work with the private estates and private roads in the BID area: absent landowners, varying repair and maintenance lease conditions, lack of council power to act. Securing extra funding from grants for capital investment in a difficult economic environment.
Opportunities	<ul style="list-style-type: none"> For BID 2, if funding base will be bigger, with opportunity to go beyond the basic safe and clean agenda and look at the bigger picture. 	<ul style="list-style-type: none"> BID looking at cost savings opportunities for levy payers, with at least 50% of levy returning to businesses through savings from joint purchase of services. Going beyond the safe/clean agenda and setting up support mechanisms for local businesses, such as a Business Credit Union or an advisory service for small businesses. Marketing initiatives in partnership with the Council and the new Local Enterprise Partnership (LEP) to improve the image of the area for investors and skilled labour force.

6.0 Study Findings

The case studies have revealed how BID managers and their respective local authorities perceive the current and prospective impact of the recession and public spending cuts on their localities, their BID and its role. The interview data has provided a fine-grain view of how those impacts take place in each locality, how they affect BID activities and what sort of challenges and opportunities they represent. Together with the more general overview provided by the survey and the initial desk research, data from the cases allow us to attempt to answer the 8 research questions under each of the three objectives put forward towards the end of section 2. This section comprises the answers to those questions:

1.1 Has the BID levy been justified in terms of the additional value it creates or any other benefits it brings?

1.2 Has the current downturn affected significantly the relationship between benefits and costs of contribution?

The first two research questions ask whether BIDs have fulfilled the expectations invested in them by key stakeholders in terms of costs/benefits and whether the recessionary economic climate has substantially altered that situation.

In the absence of a detailed survey of BID levy payers, those questions can be answered through an examination of how the BID agenda (i.e. the one underpinning the business plan voted as part of the BID proposal) was put together and of the extent to which its objectives were met. An important part of the latter is the perception of levy payers as to the effectiveness or otherwise of the BID in achieving their objectives and in providing them with services and support to the extent that justifies the cost of the levy.

The BID legislation establishes an important role for the local authority as leading player and sponsor in the setting up process, and beyond that as a key partner in the running of the BID. In practice, this role goes even further, and only a few BIDs would have been viable without any kind of financial and administrative support from their local authority. This investment by the local council takes place because BIDs have been regarded as a potentially important element in local governance, economic development, regeneration and public services provision. Therefore, the question above also refers to whether or not BID's potential as partners in local governance has proved true, to the extent that they should continue to justify council support.

Half of the BIDs examined here have succeeded in getting a second term in the last 12 months, in spite of an adverse economic environment. The remaining five cases, with one exception, are in the process of renewing their mandates, and it is generally expected that they will succeed. The exception is a new BID, still seeking consolidation and recognition. Largely, this suggests that these BIDs have

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demonstrated to a sufficient number of levy payers that they represent value for money, or at least that the services that the BID provides to them is of enough value to justify the levy, and that this has not been substantially altered by the recession and public spending cuts. This mirrors a more general trend and in whole of the UK to date, all but one BID coming forward for a re-ballot have secured a new mandate.

There are issues around what the majority vote for a BID really means, since it represents a simple majority of those who actually cast their vote, and not an absolute majority of those entitled to vote. Therefore, renewed mandates might mean satisfaction with the BID, but also apathy where turnouts are low. In either case, it suggests that so far and in spite of the tougher business environment, overall BIDs have not represented a major burden on levy payers, and costs have not surpassed benefits to such an extent that business would be driven to reject them. In the country as a whole, in the circa twenty cases where rejection has happened, it was to create a new BID, and therefore benefits were potential, untested and untried. Approval for a BID is also a function of the size and nature of the businesses being asked to vote. Our evidence suggests that the contours of BID areas have often been carefully designed to leave out concentrations of businesses that might be more reluctant to commit to a BID, and to include those who have demonstrated willingness to support it.

Success in the re-ballot in 5 of the cases and expectation of success in other 4 cases seem to come from a recognition of the role of the BID in the effective delivery of some specific objectives, part of agendas with reasonably wide support among local businesses (e.g. reduction of crime through CCTV systems, increase in footfall through particular marketing events, safe running of Christmas lights, responsive street cleansing). However, this was not something that could be taken for granted. Both the BIDs preparing for the re-ballot and those just coming out of it have spent considerable effort in persuading and reminding levy payers of their successes, convincing them that a renewed mandate would be the best way to consolidate those successes and take them forward, and generating enough active support to secure a favourable vote.

Nearly all of the studied BIDs evolved from previous town centre management, regeneration or economic development partnerships with significant business presence. In six of the cases, these seem to have been quite active and the BIDs that have replaced them are therefore carrying forward agendas that had been extensively discussed, and embodied long-standing cooperation between businesses and between them and local authorities. Moreover, the secure nature of the BID levy means that resources have been available to deliver on most key agenda items.

In some cases, the services BIDs provide have represented real savings to business and contributed to offset the costs of the levy (e.g. membership of security schemes such as Pub Watch, collective purchase of waste recycling services). More recently, some BIDs have started to think more systematically about 'cost-neutral' activities, i.e. BID services that allow business to recover part of the cost of the levy, as a way of securing support for the BID in a recessionary environment. The ten cases suggest that this is still incipient and that benefits of this type of initiative are felt differently by different types and sizes of businesses within a BID area.

Another way in which BIDs seem to have represented additional value for both businesses and Council and other service delivery organisations is their ability – or at least the ability of those BIDs that have been active for longer – to function as a conduit between different interests. As BIDs mature they seem to gain recognition as an effective body representing business interests in discussion with the Council, the police, the RDAs and other public agencies, and conversely, as an effective way for public sector organisations to convey their policy objectives to local businesses and gauge and understand their views.

Specifically for local authorities, BIDs have so far played the role expected from them in helping Councils to deliver their regeneration/economic development/town centre management objectives. Moreover, their secure 5-year funding regime and has made them an attractive alternative for the delivery of some services which local authorities can no longer afford, and at reduced costs given their private character and exemption from public procurement rules. This development is becoming more widespread although not widely accepted as positive, but some of the cases have embraced it in different degrees, either out of necessity or as a way of raising income and support.

Overall, therefore, so far recession and local authority spending cuts have not altered significantly the assumptions that led to the setting up of BIDs in town and city centres and industrial areas. The evidence suggests that BIDs that focus on a clearly defined and widely supported agenda – as many do by virtue of the processes that culminate in their creation – have been able to justify their costs to levy players and local authorities. Moreover, understanding and acceptance of the cost-benefit trade-off represented by BIDs seems to increase, as they become perceived as part of the governance landscape of town/city centres and industrial areas.

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2.1 What has been/is likely to be the impact of the recession on voluntary and other additional contributions and how has this affected/might affect BID's finances and their ability to deliver on their agendas?

2.2 What has been/is likely to be the impact of the recession on local authority services and how has this affected/might affect the services BID's deliver?

2.3 Which public realm interventions are more likely to be affected?

The next three research questions in the study address the impact of the recession firstly on BID's additional income sources, and especially voluntary contributions from property owners. Secondly, they address the impact on the activities carried out by BID's resulting from any changes in income. Lastly, they look at the effects on those activities from cuts in spending and services by local authorities and other relevant public sector organisations.

All but one of our cases rely on the levy for between 75% and 100% of their income, and the evidence suggests that BID 2 (i.e. the re-balloted BID's) have tended to increase their reliance on the levy rather than voluntary – and thus insecure – contributions or other additional sources of income. This is especially so as regards key business plan activities. Birmingham Retail is the exception, with 56% of its income from additional sources.

As income from the levy is relatively secure and predictable, there is no expectation it should be significantly affected by the recession, at least for the 5-year term of the BID. In practice, minor decline has occurred in a couple of cases, as the recession has increased rates of default or delay in levy payment, especially for BID's with a large proportion of small businesses, or large number of business failures. In the same way, new developments that would have brought new levy payers under the BID were in many cases delayed or did not materialise (see also British BID's and University of Ulster 2010). Indeed, four of the cases reported minor problems with payment and collection rates, although the compulsory nature of the levy means that eventually that income will be recovered. Moreover, it has not been uncommon for councils to transfer in advance the levy money to BID's, thereby attenuating any impacts from levy payment default.

Re-balloting presented BID's with the chance to re-evaluate levy rates and exemptions, and for some this has meant a reduction of income, whereas for most it has been the reverse. In order to retain support, one reballoted BID's reduced the levy rate, and another kept the base value at the level of the 2005 business rates list and therefore forfeited the opportunity to raise their levy income in line with the new 2010 list. However, another two had actual gains, as they use the re-ballot to move to the new list, or did not do so but increased significantly the BID area and therefore the number of levy payers.



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The legislation regulating BIDs has left open the possibility of voluntary contributions from property owners, and many early business plans referred to them as a potential source for investment in projects. However, in reality only a few BIDs ever acted to secure those contributions. The evidence from the case suggests that the difficulties and the effort involved dissuaded BIDs from pursuing those contributions. Ownership fragmentation, landlord absenteeism and difficulties in tracking ownership seem to have made BIDs reluctant to count on property owner contribution as a complementary source of income. Only two of our cases receive some part of their income from property owners, and in both cases because of a strong involvement of large property owners/developers with the preceding voluntary town centre partnership. In one of them, contribution from shopping centre owners was designed to allow a smaller levy for their tenants. In the other cases, property owners might have contributed but only as levy payers when also occupiers, or as ratepayers for empty properties where this applies. Therefore, whether or not the recession has made property owners less willingly to contribute to BIDs is not a relevant issue.

Income additional to the levy has been nonetheless important in all our cases, albeit in different degrees, and only two of our 10 cases have their activities funded almost exclusively by levy monies. In some cases, additional income has been combined with the levy to support business plan initiatives; in other cases it has allowed the BID to deliver supplementary projects. Additional income has come from four basic sources, with varying degrees of reliability and exposure to the recession and public spending cuts: grants from public sector, private and public sponsorship for events and activities, income from service delivery contracts, in-kind support from local authorities.

Six of our cases are or were in receipt of grants from their local authorities, the RDA or central government programmes, either on a continuous basis or as one-off events. These grants have come mostly from regeneration and economic development funding programmes, and therefore have benefitted mostly those BIDs that could make a case along those lines. In some instances, these grants have been relatively small and have complemented BID core funding. In three cases they have been quite substantial, amounting to 25% of the expected BID income in Nottingham, an extra 60% of annual income for Blackpool as predicted for 2010-11, and 120% extra annual income for London Riverside for 2009-2010, either fully funding the delivery of BID programmes or paying for capital investment to support that delivery. Unsurprisingly, the availability of new grants has been severely reduced by public spending cuts and especially the abolition of the RDAs, and most BIDs are not counting on any new grants to part-fund their activities in the near future. Moreover, there is a general expectation that even grants already conceded but not fully transferred might be cut, at least in part. The impact

of this on BID programmes is discussed below, but it has led to some reallocation of spending within the BID to make up for loss of income, especially when grants part- or whole funded key business plan items.

The second source of additional income is private and public sponsorship of specific events and activities. Six of our case reported income from sponsorship of particular events, either from private sponsors or from their local authorities, and often in kind. For all but one of them, sponsorship has accounted for between 3 and 10% of their income. The exception is Birmingham Retail, with 40% of their income from sponsorship. This high proportion can probably be explained by the size of Birmingham city centre and the kind of sponsorship events it can attract. In all cases, however, recession and local authority spending cuts have had an impact, and all cases reported a reduction in private sponsorship and increased difficulty in getting new sponsors. Similarly, local authority sponsorship for events and activities seems to have declined as a rule, albeit with variation in intensity from place to place and from one event/activity to another, depending on their strategic importance to the Council in question. As an example, council contribution to the funding of CCTV operation in Rugby seems to have been secured until 2015, whereas council co-funding for taxi marshals in Nottingham has been entirely withdrawn.

Half of our cases have derived additional income from the sale of services. One form this has taken is the sale of BID services, which are offered free to levy payers, to non-members within and outside the BID area. Coverage of CCTV and participation in other crime-prevention programmes are the most commonly sold services. Blackpool and Rugby have derived 20 and 28% of their income from that source, and Albion expects to secure similar amounts as they replace a previous and unsuccessful voluntary donation scheme with a contract-based sale. No decline in income is expected here, as security remains the central concern in the areas covered by those BIDs. The other way income is obtained is through contracts between the local authority or business and the BID for the delivery of specific services. Team London Bridge have raised 13% of their income through delivering projects and services commissioned by individual businesses and property owners, especially related to public space and corporate social responsibility. Although there is some likelihood that the recession might reduce this type of income, no significant impact is expected. Similarly, Kingston have raised 20% of their income delivering services as a contractor for the local authority, especially the management of street markets and market hall. This has involved complex negotiations with the Council to secure that the price paid for the service allows the BID to capture efficiency gains. No reduction in income is expected for the duration of current contracts, which expire in 2012.

Lastly, additional income has also taken the shape of in-kind contributions from local authorities. In all our cases, the costs of setting up the BID were covered wholly or in part by the local authority, and in seven of the cases local authorities have subsidised at least part of the operational costs (e.g. personnel, accommodation, levy collection, audit costs). Some local authorities have transferred the levy in advance of actual collection, thus shielding the BID from defaults and delays. Only a minor part of this contribution is recognised in BID budgets, and therefore it is difficult to estimate how much it amounts to in each case. Given the relatively fixed costs involved in operating a BID, it probably accounts for not less than 20 to 25% of the income of smaller BIDs. As most of this contribution is in kind and not easily convertible into savings, there is no expectation that it will decrease significantly with spending cuts, at least as long as local authorities perceive BIDs as part of their governance and service delivery strategies for towns/city centres and industrial areas.

Therefore, the evidence from the study suggests that overall, recession and public spending cuts have negatively affected BIDs' income but so far not in any significant way. The levy is the main source of income for the majority of BIDs, and it has remained relatively stable. Local authority support in kind, although less significant has also remained constant, freeing up resources from operational costs to core activities. Voluntary contributions from property owners have been of any significance in one case only and this seems to be secure for the time being. Income from the delivery of services is guaranteed through contracts and in the only case in which this is significant, it is too early to predict what might happen to this source of income in the future when contracts are reviewed. The real impact of recession and spending cuts on income comes from the sharp reduction in grant funding from public bodies, and to a smaller degree, public and private sponsorship of events and projects. The consequences of this for the programmes run by BIDs are discussed below but as a rule, they have been more significant where grants and sponsorship were counted upon to deliver core business plan programmes. Where these were used to extend the scope of existing projects or to fund additional projects the impact has been less noticeable. Significantly, business plans approved in the re-ballot have often moved away from any reliance on grants and other insecure forms of funding for key programmes, and have tied more closely their key objectives to what can be funded through the levy.

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The ten BIDs examined in this research have delivered a wide range of services, but these are overwhelmingly concentrated in two headings: 'safe and secure' (CCTV operation; radio links between mobile patrols, the BID and the police; street wardens/rangers; taxi marshals), and marketing and events (festivals, festive lights, loyalty schemes, publicity). Additional street cleaning is delivered by most BIDs, but the service is only significant in three of the metropolitan BIDs. For the others, it is a minor component in their portfolio of services, and often conflates at least in part (removal of fly-tipping and graffiti) with 'safe and secure' programmes. A few BIDs offer some sort of business support service, from joint procurement of waste recycling to networking opportunities, but apart from the case of Team London Bridge and its corporate social responsibility projects, this remains incipient.

For the majority of our cases, it was too early to appreciate the extent to which public spending cuts would affect public services on which BIDs rely. However, some impact was already being felt, leading to reallocation of spending to make up for shortfalls in public funding for joint projects, or the scaling down or outright termination of projects when the BID could not, or decided not to redirect its spending. Nonetheless, several BIDs expect some reduction in local authority services and especially street cleaning (reduction of frequency, removal of night cleaning). However, the impact of this in the BID area is not expected to be significant. Most BIDs in the study sample deliver

some street cleaning service, although this tends to be of a different nature from local authority routine cleaning (e.g. emergency cleaning). Therefore, the issue of additionality would not immediately arise from cuts, unless the effects of those cuts are seen to be too detrimental to the trading environment and the need arises for the BID cover the gap. The latter has not happened yet in any significant scale and BID managers have been careful to secure support from levy payers in the cases in which this issue has arisen. Similarly, minor cuts in police spending have meant reduced patrolling in some BID areas, posing the same dilemma to BIDs as to whether or not to reallocate funding to cover the shortfall.

The impact of cuts has been more noticeable in non-statutory services or projects co-funded by the BID and local councils. Six of the BIDs have employed rangers, street wardens, or marshals, jointly funded with the local authority. Whilst in two of them council funding is still secured in whole or in part, in the other four the BID has had to step in to become sole funder of the initiative. The effect of this has been less severe for larger BIDs, but more so for smaller ones, as the costs associated with funding such initiatives represent a large part of their total budget, and reallocation of resources to cover the deficit might have led to the scaling down or postponement of other programmed activities. The same pattern emerges in the funding of events, such as Christmas lights, festivals or floral displays. Of the six BIDs which have an events programme joint-

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funded with the local authority, two have assumed full funding to keep the programme going, whereas the other four have had to scale down or cancel events and activities that they could not afford on their own.

Three of our cases have the operation of CCTV systems as their main spending items, with varying arrangements for co-funding with their local authorities. In all three, capital investment was funded through grants and the operation is covered in different proportions by the BID levy and contractual payments or in-kind contributions from the local authority. Cuts in grants have meant that new capital investment in the expansion or updating of these systems has become difficult, as considerable amounts of resources are required. In two of those cases, programmes for expansion or improvement of coverage have been halted for the time being. So far, local authority contributions to the operation of CCTV systems have not been affected and agreements and contracts have held. However, cuts in operation funding have happened in at least two other cases, where BIDs had not been involved with CCTV so far and were now under pressure to consider whether they should step in to make up for the shortfall. There have been indeed a number of cases of cuts in services which, whilst not affecting the ten BIDs directly, are nonetheless relevant to their objectives and their performance. Cuts to CCTV 24-hour operation in Truro as in the above paragraph was one case, as were cuts to a number of events in Nottingham and the closure

of a visitors' centre in Kingston. In a few of these cases, and where funding could be reallocated, BIDs have taken over the service at least in part. In others, especially when the service in question was outside the remit of the existing business plan, the possibility of a future contribution by the BID has been referred to the BID board or to the new business plan in a coming re-ballot.

Overall, the impact of the recession and public spending cuts on BIDs activities and services has not been significant, although this will be truer for some BIDs than others. In most cases where there was reduction to services, these have been at the margins, and BIDs seem to have been able to make up for it through cross-subsidisation or re-allocation of spending. Only two of our 10 cases reported more serious problems, resulting from the reallocation of resources to cover for a shortfall in public funding for essential projects that had been originally conceived as jointly funded interventions. This has led to cancellation and postponement of other projects, which might cause problems later as the BID comes for re-ballot and has to demonstrate its achievements. In part, the relatively small impact to date of the recession and spending cuts on BID activities can be explained by the stability of levy incomes, which once approved are more or less guaranteed for 5 years. With one or two exceptions, BIDs have learned to rely on the levy income for their most important projects, and this is even more evident for those in their second terms. Therefore, reduction in grants and sponsorship income has not substantially affected their core activities. However, in part this is also because spending constraints on the public sector and on local authorities in particular have yet to be fully reflected in service delivery, and more significant impacts might become apparent in the near future. Awareness of this seems to have shaped the strategies adopted by most of the cases, reflected amongst other things on the nature of spending plans that have been or are being put forward for re-ballot, with a clearer distinction between core funding and additional funding.

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2.4 How BIDs are dealing with the resource constraints outlined above

The next research question looks at the strategies BIDs have adopted to cope with actual or potential reductions in income and their effects on their activities. Nine of the BIDs were created before the end of 2007, with the approval vote reflecting a process of discussion around functions and objectives initiated a year or more earlier. Those BIDs were therefore conceived before the events marking the onset of the credit crisis and recession, and their business plans reflected the context of a growing economy, with scope for significant public sector support through grants and other forms of contribution. Since then, they have had to adapt to the new, more constrained funding environment. Those that have renewed their mandates in the last two years have had the change to secure formal stakeholder approval for any readjustment of their objectives and the scope of their activities. Others have had to adjust existing business plans, whilst hoping to retain the support of levy payers.

Many pre-recession business plans seem to have been quite ambitious in terms of both their coverage and expected additional income, and committed the BID to address a wide range of issues for which the levy income alone would not suffice. Decreases in grant funding, sponsorship and local authority participation in projects have led to a shift in focus towards a few key projects for which there is strong consensus amongst levy payers, and on whose success the reputation of the BID depends. This seems to have happened to different degrees in all the cases bar some of the larger metropolitan BIDs. Spending has been reallocated amongst projects to secure key initiatives are not affected, be they crime and safety programmes, events such as Christmas lights or the deployment of sufficient numbers of street rangers/wardens. In most cases, the impact of this strategy on other activities has been small, but in two of them (Nottingham and Bury St Edmunds) it seems to have been more noticeable, with cancellation or significant reduction of other planned initiatives. Not surprisingly, BIDs that have recently renewed their mandate have proposed less ambitious and less detailed business plans, often concentrating on a few core initiatives funded entirely through the levy.

The refocusing of BID agendas reflects an underlying concern with the perception of BIDs among levy payers, on whose support their existence depends. The evidence suggests this concern has increased, as many of the cases have had to face re-ballots under unfavourable and uncertain economic conditions. Consequently, many BIDs have concentrated their focus on core safety and/or marketing initiatives, and especially those that can produce quick and visible impacts (e.g. more uniformed rangers, safety patrols, and minor but highly visible public realm improvements). Some interviewees have characterised this as a move away from a strategic approach to the success of the town/city centre industrial area contained in the earlier business plans, towards a

more short-term, operationally focused approach, more sensitive to the day-to-day issues affecting levy payers and the BID area.

With levy payers facing an adverse economic situation, BIDs have had to find ways of demonstrating more clearly the value added by the levy. A few of the cases are already exploring forms of joint procurement of e.g. waste collection and recycling, taking advantage of economies of scale obtained through the BID as collective purchaser of services. The principle is to offset the cost of the levy to businesses with savings in the purchase of services, so that the BID is effective 'cost neutral' to its members. Although this is still limited to a few examples, all the cases manifested the intention to pursue 'cost neutral' initiatives further, with joint purchase of energy or similar services. However, this is not perceived as a problem-free approach, as measures of this nature benefit different types and sizes of businesses differently (e.g. collective purchase is more likely to benefit small local businesses than larger national concerns which might have their own in-house joint procurement systems). Some managers have expressed the concern that what might justify the levy for one group of levy payers might appear as undue subsidy to others.

In 2010, the UK Valuation Office Agency issued a new rating list for business properties, replacing the 2005 list upon which BID levies had been calculated. For the majority of businesses everywhere this represented an increase in their rateable value, and consequently a potential increase in the value of the BID levy. In the majority of our cases, the reassessment has not been immediately applied, mostly as a way of reducing the financial burden of the BID on smaller business and securing their continued support. This strategy was adopted by the smaller of the cases and by those with a large proportion of smaller businesses. In at least four cases, maintaining the levy at the level of the 2005 rating list was a commitment undertaken by the BID for the re-ballot. Only the larger and more prosperous BIDs and the ones containing a significant proportion of larger businesses seem to have been able to change immediately to the new values.

Finally, BIDs have been trying to find alternative way of raising income to supplement the levy. How successful they have been has depended on the specific context in which they are located, the type of businesses they serve and the role they have developed in the governance of their areas. Blackpool has used its community interest company status to secure grant funding from community regeneration programmes to complement its own range of initiatives. Although these grants have also been reduced, the rise of the 'Big Society' agenda suggests that in the future they might be more readily available than the types of grants BIDs have relied on up to now. Birmingham Retail has relied upon the national significance of its area and its economic resilience to secure significant additional income from events, and Birmingham and London Bridge have made use of the stakes of large developers and

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property investors in their area to secure either voluntary contributions or political and administrative support. Kingston has taken over council services as a profit opportunity, creating additional income that is relatively secure for the duration of the service transfer contracts. However, this is an approach many BID's have been reluctant to follow. Reluctance seems to derive from potential problems associated with a client-contractor relationship with the local authority, and the complexity and risks inherent in service transfer contracts. Lastly, several of our cases have relied on close relationships with their local authorities to secure that relatively high levels of support in kind are kept unchanged in spite of cuts in local services elsewhere.

As the evidence shows, all the cases have had to readjust their expectations of income and delivery potential to a much leaner economic and funding environment. Some have had to do that to a larger degree, depending amongst other things on the size of the BID, the nature of the businesses they represent and their location, and especially on how much their business plans reflected the pre-2007 economic environment. As a rule, those that had put more reliance on additional sources of income to fund their core agendas have had to adjust the most. For many, the re-balloting process has presented BID's with the opportunity for putting any significant readjustments of strategies in a more formal footing. Most of the cases have had to reallocate spending to make sure that key activities were not affected by decreases in grant or other additional funding. In many of the cases, there was also a narrowing of focus towards a few core services. Initiatives aiming at offsetting the cost of the levy to businesses through e.g. joint procurement have been adopted to better justify the BID levy and ensure continued support from levy payers. The same applies to the ways BID's have dealt with the 2010 business rates reassessment. At the same time, the evidence suggests that some BID's have used the constraints posed by recession and public spending cuts to re-think their roles and some of the coping strategies point to potential new roles as service delivery organisation, community enterprise, business support entity, pressure group, etc. all with their own challenges and opportunities.



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3.1 What are the immediate and longer-term implications for BIDs as a public realm management model?

The penultimate research question tries to understand the immediate and longer-term implications of the processes described above for BIDs as stakeholder-based public realm and area management organisations. Those implications can be deduced from the challenges and opportunities BIDs currently face, as perceived by BID managers and relevant local authorities. Six and more general challenges have been felt in different degrees by all BIDs in this study. These vary from more immediate issues threatening the operation of the BID, to more general concerns with changes in the context in which BIDs operate.

The first challenge relates to the need to gain and retain support of levy payers, and convert passive into active support for the occasion of the re-ballot. This was intensely felt across all cases as they were just coming out of, or approaching a re-ballot. There seem to be several reasons why this has been a challenge even for recognisably successful BIDs. Firstly, BIDs are a relatively new player in the management of their areas, and their precise role in it is still being defined. Secondly, some of their achievements might be quite visible, but the processes that led to it and the role of the BID in them might not (e.g. reduction in incidents of graffiti or fly

tipping, decrease in street-crime). Thirdly, as achievements get absorbed into the background of the area, their origins in the actions of the BID become less apparent, especially where there is a significant turnover of businesses. Many BID managers referred to the need to keep reminding levy payers of the connection between the BID, the levy and improvements to the area that many now took for granted, as well as the need to constantly produce new achievements to prove the continuing value of the BID. Fourthly, and especially so for generalist, town centre-type BIDs, businesses in any area are likely to comprise a significant diversity of types and sizes, with different needs and expectations. In part this issue has been addressed preventatively in the careful definition of BID geographical limits, minimum rateable values for membership and the levy rate itself, leaving out of the BID and the balloting process businesses for whom the BID was unlikely to appeal or whose needs could not be catered for by it. Nevertheless, delivering a range of services that can meet varying needs and expectations within the available resources has proved to be challenging for some of the cases, and especially for those whose profile is not clearly associated with one or two clear-cut initiatives (e.g. CCTV operation or Christmas lights). It should be added that for all these four issues, the recession is not necessarily the root cause, but it has magnified them as it made the burden of the levy more significant, especially for businesses operating at the margins of profitability.



The second challenge refers to changes in the funding landscape brought about by the recession and spending cuts, which are unlikely to be reversed in the near future. Except for three of our cases with annual income in the range of £1 million (Kingston, Birmingham Retail and London Bridge) and the especial case of Rugby (£600,000 from levy + £250,000 from CCTV operation contract with local authority), all the others are in the range of £300,000 to £400,000, or £150,000 for the two industrial BIDs. Typically, management costs capture between 20% and 25% of that income. Moreover, those sums include up to 20% of less secure and therefore potentially variable additional contributions. This means that apart from larger metropolitan BIDs and one or two richer ones elsewhere, most BIDs have limited capacity to invest in the absence of grants, support from the local authority and other forms of additional income. Activities that require capital investment or significant up-front costs will be out of reach. As an example, both industrial BIDs examined in this study are delaying the expansion of their CCTV systems, one of their key pledges, for lack of resources for the necessary capital investment. Unless new additional sources of income can be found, this poses to BIDs the challenge of fulfilling levy payers expectations mostly through relatively cheap, small scale interventions, which are unlikely to address more structural problems facing some of those areas. The risk is that in the longer-term this might put in question the significance of some BIDs

The third and fourth challenges are linked to the idea of additionality of services, which is one of the principles justifying the payment of a supplementary levy on top of business rates. The BID project hinges on the idea of raising additional resources for additional services necessary to make business locations fulfil their role more effectively, and not of replacing public spending with private spending. Although the services provided by the BIDs in this study are rarely a simple extension of those delivered by the local authority or other public sector bodies, they do depend on the latter to be effective. There is not much use in having a quick response cleaning team to deal with emergencies, if the baseline standard of street cleanliness is such that a localised intervention will not make any visible difference. Similarly, the value of a Pub Watch scheme will be questionable if police presence or rates of responses to calls worsen drastically. In none of the 10 areas there is the expectation that standards of basic services will deteriorate significantly, albeit because in some cases they are already minimal. However, there are various examples of BID initiatives that were predicated on joint funding with the local council which has subsequently been withdrawn, leaving BIDs to choose between a reduced standard of service and the reallocation of funds between programmes to maintain the existing standard. According to the legislation, the standards of public services in the BID area, which the BID would complement, should be set out in service level agreements between the BID and the local council. Although all the ten cases have such agreements formally

set out, they appear to be less of a guarantee of standards than could be expected. The general perception is that they are not enforceable, and only the commitment of the council to the success of a BID or political pressure and lobbying from those affected can ensure those agreements are respected. The consensus in all the cases is that the full impacts of spending cuts on local services have yet to be felt, and the challenge therefore is how to secure that service standards are maintained if the pressure for cuts in local authority services becomes overwhelming.

Related to the above, the fourth challenge comes from one of the approaches to tackling service cuts. Nearly all the cases have reported various degrees of pressure to take over services traditionally run and funded by the local authority or other public bodies, from Christmas lights to street markets, street cleaning and graffiti removal. Whether BIDs should do so and in what circumstances remain controversial issues. Of the 10 cases only Kingston has fully embraced the role of service deliverer, using income produced by efficiency savings in the delivery of council services to cross-fund its own programmes. Others have been reluctant to do so because of the risks involved and the perceived loss of independence associated with the role of contractor to the council. A few of the cases have taken over specific initiatives or events previously run or funded by their councils, and others have entered contractual relationships with them, but in most cases this has not amounted to a take-over of public services. However, BID managers are aware that pressures to adopt this approach are likely to be felt more intensely as the impacts of spending cuts become more evident and the funding landscape changes even further. As suggested by concerns about CCTV monitoring and street cleaning services, a BID take-over might be the only way of ensuring that standards of some services are maintained. Therefore, BIDs have grappled with the challenge of adopting a response to this issue that is appropriate to the circumstance of each BID, but which also manages to secure the right balance between opportunities and risks.

The fifth challenge has to do with the strategic roles BID can play in the development of their areas. The study suggests that some BIDs have abandoned a more ambitious and longer-term perspective of their roles and shifted to a shorter-term, operational focus. As indicated above, there are clear reasons why they have done so. However, on-going changes in the institutional set-up of local government, urban regeneration and planning. (the Localism Bill, neighbourhood planning, abolition of RDAs, Big Society policies) suggest that BIDs might be pushed by the circumstances to adopt to a more strategic function. Future government funding for economic development and social programmes through voluntary and private sector organisations might require the BID to play the role of leading partner in funding bids. For this, strategic long-term thinking might be required, taking into account interests other than levy payers. As pointed out by one interviewee, so far in all but the largest BIDs there

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seems to be a tacit division of labour in which the council thinks about strategy and the BID concentrates on delivering a couple of services to a specific group of businesses. The institutional changes mentioned above suggest this model might need to be reconsidered, and the challenge will be how to do this without reducing the strength of the connection between the BID and clearly defined business needs.

Finally, the sixth challenge detected in the interviews comes from impending changes in the set-up underpinning the BID model, and more particularly the business rates system. This is a more general challenge, which might become an important issue over the next coming years. As the situation now stands, BIDs exist as a way of generating a small amount of surtax on business rates, which is then re-invested locally according to priorities formalised in an approved business plan. At present, this makes sense because of the national tax character of non-domestic business rates, pooled in a national pot and redistributed back to local authorities according to a formula unrelated to local priorities. The BID levy is therefore the opportunity for businesses to raise money that will be necessarily invested into what they perceive as the main needs of their locations, and on which they have full control. However, proposals currently being contemplated by the government are looking at the possibility of local authorities retaining part of the income generated by business rates to reinvest in their own economic development priorities. It is unlikely that this will provide the same degree of direct correspondence between tax raising and spending that the BID levy does. However, if the retained business rates were to create a clearer link between tax raised and spend in a locality, this might weaken the case for the BID levy and therefore for the BID itself. In a parallel development, the UK government Big Society agenda presupposes a different model for funding capital investment in infrastructure, based on contributions from potential beneficiaries in the private sector complementing state funding. Supplementary Business Rates (SBR) are part of this, and seem to be the way the UK government expects to fund key infrastructure projects in the near future. There have been discussions about the implications of a widespread adoption of SBR, which have included the impact an extra levy might have on BID areas. Currently, the Business Rate Supplements Act 2009 gives local authorities discretion over whether or not to deduct the BID levy when calculating the rate of SBR for businesses in BID areas, and the concern has been that the case for BIDs would be much weakened if its levy became an extra burden on local businesses. In another parallel development, licensing laws are being revised and some of the proposals include powers for local authorities to raise levies from licensed businesses to cover the costs of street cleaning and policing. This again would make it more difficult to justify a BID levy on the businesses affected. Therefore, the challenge felt by some of the interviewees is how BIDs or any similar organisation could

adapt to an emerging institutional landscape in which businesses are required to fund a range of local and regional services and infrastructure projects through a variety of surtaxes.

The need to adjust the BID model to cope with recession and public spending cuts has also brought some opportunities for BIDs to consolidate their roles. The close links between BID activities and the needs and expectations of levy payers, reinforced by the recession, has led to an increasing perception of the BID by the local authority as a representative of local businesses, with whom they can discuss and gather support for their own policies. This was more visible in some cases than in others, but in general, it translated into an increasing role for BIDs as consultees in e.g. planning and parking policy decisions, membership of regeneration partnerships and so forth. Conversely, on the part of levy payers there seems to be an increasing recognition of the BID as a channel to communicate effectively with the council, the police and other public bodies. Both trends suggest a potentially important role for BIDs not just as the vehicle for the delivery of a levy-funded business plan, but also as a consortium of local businesses conveying to policy makers the expectations and needs of businesses in their areas, but also and more importantly, helping to shape and calibrate policies with local impact. Moreover, recession and spending cuts have affected the ability of local authorities to direct extra resources to town/city centres and important industrial districts. BIDs have already acquired a status as well-resourced players in the management of those areas, and the cases in this study suggest this role can be explored further.

The challenge to find alternative sources of additional income, especially capital investment, has led BIDs to explore different paths. Whether or not these experiences can be generalised will depend on the particular context of each BID. However, it should be noted that the government's drive towards policy delivery through organisations outside the public sector will increase the opportunities for civil society organisations to become leading bodies in future urban regeneration and economic development programmes. As they become established as key players in the management of town/city centres and industrial districts, BIDs will be in a good position to play that role.

Overall, therefore, our study suggests that the recession and spending cuts have indeed presented BIDs with a few challenges. Issues of funding, managing the expectations of levy payers and local authorities in a more adverse environment, defining role and their purpose within the changing landscape of area management, have all affected most BIDs albeit in different ways. Nevertheless, the model so far seems robust enough to cope with the challenges, and the renewed mandate achieved by half of the cases in this study testifies to that. However, economic recovery is still weak, local authority spending cuts have not yet run their full course, and potential changes to the

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business rate system and local authority finances could present a more structural challenge to BIDs. Nevertheless, there is now some acceptance of the idea that people and businesses should have a larger say in the management of the areas in which their stakes are significant, and if they so wish and under clear rules, they should be able mobilise their own resources to realise their aspirations. How exactly BIDs will fulfil this role in the near future may vary from how they have done it so far. The study has showed how diverse BIDs already are, and highlighted a number of possible routes for BIDs to consolidate their position as part of the governance set-up of town and city centres and industrial areas:

- *A move towards a business services focus, with BIDs becoming de-facto consortia of local businesses, with some public realm intervention along the safe, clean, image agenda but subsumed into a strong business association ethos, seeking forms of securing competitive advantages for their members.*
- *An increase in the entrepreneurial character of the BID, with a focus on income increase through public service delivery contracts, sale of services, seeking a major role as leading partner the delivery of urban regeneration and economic development projects and grant holders for those projects*
- *A narrowing of remit, reinforcing the association of the BID with the delivery of one or two key activities that are regarded as high priority by local businesses. These could be e.g. CCTV operation, or the promotion of particular events, in a much more restricted, but more focused agenda and more self-evident role.*

Evidently, these alternative paths contain some simplification of a more complex reality. However, they do reflect options that are beginning to take shape amongst the ten cases. It would not be unreasonable to hypothesise that as BIDs consolidate their roles in the management of their areas they will assume more of the characteristics of one of those three 'models'. Larger, wealthier metropolitan core and periphery BIDs might become more entrepreneurial. Smaller town centre and metropolitan periphery BID with more homogeneous business bases might acquire a more visible consortium dimension. Town centre and many industrial area BIDs in more distressed areas might develop into a better-funded business equivalent of a neighbourhood watch association, with overriding focus on safety and crime prevention, or if in more affluent areas, assume the character of events managers. In any case, the evidence from the study is that BIDs are now part of the mechanisms for the management of town/city centres and many industrial areas, and even if the basic model changes it is unlikely to disappear.



7.0 Conclusions

RICS Research – BIDs, Economic Recession and the Future of Stakeholder-led Public Realm Management

As a conclusion to this study, this section tries to provide a tentative answer to the last and more general research question:

3.2 What are the immediate and longer-term implications for urban areas and their public realm?

The research strongly suggests that the recession and spending cuts have had some impact on most BIDs, but so far this impact has been manageable and the model itself has not been put in question. Moreover, shifts in the relationship between the state and civil society, of which the current government's Big Society agenda is only the latest instalment, will ensure that stakeholder-led urban governance structures like BIDs are likely to become more, not less common, and might even be given further impetus by public spending cuts, especially if these constitute a more structural phenomenon. Town/City centre and industrial area management with strong input from business occupier in both coordination and implementation of a variety of initiatives has become a feature of urban governance in the UK, and this will become even more the case as BIDs get more embedded in governance systems.

However, there are some structural changes in the institutional background of BIDs, to grant funding regimes, to the financing of public investment and even to local government funding and the business rates system. These are likely to require changes in how BIDs operate, and therefore in their roles in the governance of their areas. Some of these changes could already be detected in the study, and are summarised in our suggestion of future alternative paths for BIDs, presented in the previous section.

In this context, what would then be the immediate and longer-term implications for urban areas and their public realm deriving from the consolidation and evolution of BIDs as part of the urban governance landscape? The roles of BIDs in public realm management are already diverse, as our cases demonstrate. They vary from a minor role in complementing local environmental services, to being active players in the transformation of public places into arenas for festivals and spectacle, to coordinators of surveillance, policing and of the implementation of banning orders and other forms of legal exclusion from the area or parts of it – although not in any of the 10 cases as enforcers of such measures. Moreover, they play those roles from a perspective that is clearly defined: that of levy paying businesses. The main impact of the recession and spending cuts on those roles is the same as that on the BID as area manager: a shift in focus away from activities regarded as less important, postponement of more ambitious interventions that might have required significant capital investment, occasional take-over of parts of public services with impact on the public realm, etc.

Overall, BIDs have not added another layer of public realm management, independent of, and in conflict with, the local council. BIDs autonomy to shape the public realm has been limited by both the amount of resources available to them and the nature of their relationship with the local authority. What they seem to provide is mostly a mechanism for coordinating and complementing services and activities already in place. This is so even as regards safety & security, an area of BID activity that has been particularly scrutinised in the academic literature for evidence that BIDs could signal a privatisation of the public realm and an increase in restrictions to access to it (see e.g. Minton 2009). As the evidence from this study suggests, the main role of the BID has been to coordinate and facilitate the use of tools of surveillance and control that are already available and frequently deployed in town centres by the local authority or the police (e.g. CCTV systems, Pub Watch, radio links between shopkeepers and the police, etc.). Therefore, here as in any other area of public realm management, comparisons between the roles of BIDs and those of the private companies that manage private spaces with public access should be made with extreme caution.

Perhaps the best way to describe how BIDs interact with the public realm of their areas is the idea of 'trading environment'. The quality of the public realm is indeed important for BIDs, not for its own sake, but because it represents the environment in which its members do their trading. Its quality can influence how well they can do that trading, how competitive they can be in relation to other locations, how easier it is to attract customers and employees. Whether or not improving the trading environment requires extensive public realm interventions will be determined by the particular context of each BID area. In our 10 cases, this varied significantly and so did the engagement of the BID with public realm management.

The implications for the public realm of the evolution and consolidation of BIDs along the lines suggested in this study will therefore be varied. Some BIDs (e.g. those adopting a more entrepreneurial route as described above) are likely to play an increasing role in the delivery of public realm services and the shaping of public realm quality. Indeed, some BIDs have become de facto consultees in planning applications and other built environment interventions as the 'voice of local businesses'. In those places, the existence of adequate mechanisms to harmonise the interests of levy payers with those of other local stakeholders will be of great importance. Others (e.g. those focusing on marketing and events) might have a far more occasional impact on the public realm, with a more pronounced role of the local authority in mediating that impact. Others still have had a minimal role in public realm management, acting more as monitors for levels of quality delivered through local authority programmes. This suggests that theorisations on the role of BIDs in shaping the public realm and the way it is used will have to be more complex and sophisticated than they have been so far.

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However, in many senses BIDs are still new forms of articulating and mobilising stakeholder interest in the management of the parts of urban areas that are relevant to them. The 6-year period since the first UK BID was set up has been enough to show how BIDs have been absorbed into existing urban governance systems and practices in periods of both prosperity and recession, but not enough to generate a more solid understanding of their long-term prospects and impacts in the life of towns and cities.

Therefore, understanding how BIDs operate, what aspirations they represent, how they relate to other aspirations and to broader policy objectives, and how these are all shaped by fluctuations in the economy, are important elements in thinking critically about the limits and potential of emerging forms of urban governance, and getting to grips of what they might represent in the future. Hopefully, this study will have contributed to that objective.

8.0 References

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Appendix 1

List of BIDs in operation in September 2010

(Source: UKBIDs and Author's research)

Name of Bid	Region	Type of location	Renewal (Yes/No)	Date of ballot	% Support (NB & RV)	Turnout (%)	No. Hereditaments	Income (annual)	Rate of Levy
Alloa Town Centre BID	Scotland	Town Centre	No	16/10/08	93 / 93	57	220	£713,655	
Altham BID (2nd Ballot)	NW	Industrial Area	Yes	08/11/06	61 / 70	70	56	£266,000	
Angel Town Centre BID	London	Metropolitan Centre	No	23/02/07	77 / 83	51	339	£333,000	
Argall BID	London	Industrial Area	No	23/05/07	86 / 93	unknown			
Astmoor Industrial Estate	NW	Industrial Area		06/12/07	72 / 77	65	156		
Barnstaple BID	SW	Town Centre	No	04/03/10	62 / 54	41	413	£138,000	
Bathgate BID	Scotland			14/03/08	93 / 82	45	413	£775,800	1%
Bayswater BID	London	Metropolitan Centre	No	20/11/09	59 / 60	35		£550,000	2%
Bedford BID (2nd BID Ballot)	East of England	Town Centre	Yes	29/03/10	60 / 73	42	506	£832,200	2%
Better Bankside BID (2nd Term Ballot)	London	Metropolitan Centre	Yes	26/02/10	86 / 82	52	460		1.40%
BID Leamington	West Midlands	Town Centre	No	31/03/08	61 / 63	41		£306,000	1.50%
BID Taunton	SW	Town Centre	No	31/07/07	72 / 67	42	820	£250,000	1.50%
BID4 Bury	East of England	Town Centre	No	01/12/09	59/68	32	380	350,000	1.75%
Birmingham Broad Street (2nd Term Ballot)	West Midlands	Metropolitan Centre	Yes	13/11/09	94 / 96	58	292	400,000	Variable by type of business: 2%, 1%, 0.5%
Blackburn EDZ Industrial Estate BID	NW	Industrial Area	no	02/08/07	89 / 89	40	248	£150,301	Banded 0.5 to 3%
Blackpool Town Centre	NW	Town Centre	No	23/08/05	89 / 74	40	802	£430,000	1%
Bolton Industrial Estates BID	NW	Industrial Area	no	01/04/06	72 / 84	46	300		
Boston BID	East Midlands	Town Centre	No	22/10/08	73 / 83	24		£135,000	1%
Brackmills BID	East Midlands	Industrial Area	No	01/04/09	90 / 95	42	150		
Brighton	SE	Town Centre	no	26/05/06	64 / 70	46	383		
Bristol Broadmead (2nd Term Ballot)	SW	Town Centre	Yes	31/10/08	55 / 55	53	278	£450,000	1.50%
Camden Town Unlimited	London	Metropolitan Centre	no	01/03/06	83 / 84	50	315	£500,000	1%
Cannock Chase BID	West Midlands	Industrial Area	No	30/03/07	62 / 68	44	285	£150,000	
Cater Business Park	SW	Industrial Area	No	5/2/07 - April 12	90 / 80	56	52		
Clackmannan-shire BID	Scotland	Industrial Area	No	01/04/08	85 / 79	48	286	£100,000	
Colmore Business District	West Midlands	Metropolitan Centre	No	27/02/09	87 / 90	50	614	£690,000	
Coventry City Centre BID (2nd Term Ballot)	West Midlands	Town Centre	Yes	29/02/08	83 / 85	36	700	£331,421	0.90%

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Name of Bid	Region	Type of location	Renewal (Yes/No)	Date of ballot	% Support (NB & RV)	Turnout (%)	No. Hereditaments	Income (annual)	Rate of Levy
Coventry City Wide BID	West Midlands	Town Centre	No	22/02/07	54 / 59	33	2500	£2,350,000	
Cowpen Industrial Association BID	NE	Industrial Area	No	05/10/06	88 / 87	32	104	£57,500	
Croydon BID	London	Metropolitan Centre	No	28/02/07	63 / 70	44	598	£1,164,157	
Daventry First	East Midlands	Town Centre	No	13/03/08	74 / 80	27			
Derby Cathedral Quarter BID	East Midlands	Town Centre	No	28/11/07	85 / 74	43	507	£250,016	1.50%
Dorchester BID Company	SW	Town Centre	No	29/02/08	81 / 84	56	430	£96,000	
Dublin City Centre BID	Ireland	Metropolitan Centre	No	30/10/07	77	/	/		
Dumfermline BID	Scotland	Town Centre	No	19/06/09	73 / 62	47	/		
E11 BID	London	Town Centre	No	22/06/07	95 / 91	42	315	£55,000	
Ealing	London	Metropolitan Centre	no	28/03/06	65 / 64	51	450	£450,000	1%
Edinburgh BID	Scotland	Metropolitan Centre	No	27/05/08	58 / 63	44	573	£914,000	
Erdington	West Midlands	Town Centre		29/03/07	74 / 55	31	313	£100,000	
Falkirk BID	Scotland	Town Centre	No	09/05/08	70 / 61	39			
Falmouth BID	SW	Town Centre	No	13/03/09	70 / 67	54	409	£94,000	
Garratt Business Park Management	London	Industrial Area	No	17/12/08	90 / 90	67			
Great Yarmouth BID	East of England	Town Centre	no	28/03/06	82 / 88	44	200	£175,000	1.5%
Hainault Business Park Business Improvement District	London	Business Estate	no	20/03/06	85 / 93	52	160	£40,000	
Halebank Industrial Estate	NW	Industrial Area	No	06/12/07	72 / 70	50	36		
Hammersmith	London	Metropolitan Centre	No	29/03/06	57 / 70	48	350	£590,685	
Hams Hall BID	West Midlands	Town Centre	No	31/07/09	86 / 82	79			
Heart of London Business Alliance (2nd Term Ballot)	London	Metropolitan Centre	Yes	26/02/07	86 / 89	62	216	£639,833	
Hinckley BID	West Midlands	Town Centre	No	18/11/08	64 / 70	39			
Hitchin BID	East Midlands	Town Centre	No	07/04/09	70 / 70	48			
Hull BID	Yorkshire & Humberside	Town Centre	No	18/10/06	81 / 76	45	1500	£500,000	1%
Ilford BID	SE	Town Centre	No	20/03/09	67 / 64	36	489	£307,000	
InHolborn (2nd Term Ballot)	London	Metropolitan Centre	Yes	26/02/10	86 / 90	46	702	£2,464,365	
InSwindon	SE	Town Centre	No	01/02/07	69 / 54	41	542	£500,00	
Inverness BID	Scotland	Town Centre	No	18/03/08	73 / 84	34	680	£300,000	
Ipswich	East of England	Town Centre	No	24/07/06	66 / 70	49	704	£510,428	
Keswick	NW	Town Centre	No	22/09/05	55 / 74	50	463	£109,000	

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Name of Bid	Region	Type of location	Renewal (Yes/No)	Date of ballot	% Support (NB & RV)	Turnout (%)	No. Hereditaments	Income (annual)	Rate of Levy
Kimpton BID	London	Industrial Area	No	06/02/09	86 / 87	63		£40,000	
Kings Heath BID	West Midlands	Metropolitan Centre	no	28/08/07	74 / 53	27	322	£120,000	
Kingstonfirst (2nd Term Ballot)	London	Metropolitan Centre	Yes	24/07/09	70 / 74	42	892	£1,080,000	1%
Kirkcaldy BID	Scotland	Town Centre	No	04/03/10	66 / 63	38	500	£144,000	
Lancing BID	SE	Industrial Area	No	08/04/08	65 / 83	50	211	£107,000	
Lincoln BIG (2nd Term Ballot)	East Midlands	Town Centre	Yes	29/10/09	79 / 85	53			
Liverpool BID (2nd Term Ballot)	NW	Metropolitan Centre	Yes	17/10/08	64 / 68	42			
Liverpool City Central BID (2nd Ballot)	NW	Metropolitan Centre	Yes	20/10/05	62 / 51	56	464	£564,000	1.20%
London Bridge	London	Metropolitan Centre	No	17/11/05	71 / 78	50	317	£592,177	
London Riverside BID	London	Industrial Area	No	26/02/07	82 / 68	30	272	£100,000	
Longhill and Sandgate BID (Hartlepool)	NE	Industrial Area	No	12/11/07	80 / 94	29	199	£40,000	
Mansfield BID	East Midlands	Town Centre	No	12/03/10	55 / 66	44	505	£288,000	
New West End Company (2nd Term Ballot)	London	Metropolitan centre	yes	21/12/07	63 / 73		309	£2,400,000	1%
Newcastle BID	NE	Metropolitan Centre	No	24/11/08	67 / 59	52	1179	£1,488,713	
Nottingham Leisure BID	East Midlands	Metropolitan Centre	No	26/10/07	75 / 75	33	266	£245,000	
Oldham BID	NW	Town Centre	No	06/12/06	76 / 56	45	409	£148,952	
Paddington BID (2nd Term Ballot)	London	Metropolitan Centre	No	30/10/08	97 / 99	unknown	349		
Plymouth BID (2nd Term Ballot)	SW	Town Centre	Yes	19/10/09	89 / 92	45		£700,000	1.16%
Preston BID	NW	Industrial Area	No	28/11/08	73 / 83	25	732		
Reading BID2 (2nd Term Ballot)	SE	Town Centre	Yes	13/02/09	59 / 67	45		£305,000	
Retail Birmingham BID	West Midlands	Metropolitan Centre	Yes	09/11/06	69 / 62	49	420	£850,000	1%
Royston First	East of England	Town Centre	No	02/12/08	61 / 62	39			
Rugby	East Midlands	Town Centre	No	30/09/05	66 / 74	50	653	£850,000	Banded 2.5 to 5.5%
Segensworth Estates BID – Fareham	SW	Industrial Area	No	15/05/07	73	30	257	£175,000	
Segensworth Estates BID – Winchester	SE	Industrial Area	No	10/05/07	100	76			
Skipton BID	NE	Town Centre	No	06/02/09	59 / 73	59		£109,192	
Sleaford BID	East Midlands	Town Centre	No	05/07/07	69 / 75	40	626	£96,700	
Solihull BID	West Midlands	Town Centre	No	22/03/10	73 / 75	30	456	£515,480	
Southern Cross BID	SE	Town Centre	No	04/12/06	94 / 99	72	25	£43,463	

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Name of Bid	Region	Type of location	Renewal (Yes/No)	Date of ballot	% Support (NB & RV)	Turnout (%)	No. Hereditaments	Income (annual)	Rate of Levy
Stratford BID	West Midlands	Town Centre	No	02/04/09	69 / 72	35			
Swansea	Wales	Town Centre	No	04/05/06	65 / 74	45	726	£440,000	
Torquay BID	SW	Town Centre	No	30/03/10	67 / 71	49	620	£245,000	
Truro	SW	Town Centre	No	05/07/07	63 / 71	53	418	£290,000	1%
Victoria BID	London	Metropolitan Centre	No	30/10/09	73 / 67	55			
Waterloo Quarter Business Alliance	London	Metropolitan Centre	No	01/03/06	92 / 74	50	246	£273,500	
West Bromwich Albion BID	West Midlands	Industrial Area	No	07/04/06	85 / 79	48		£153,049	1%
Willow Lane	SE	Industrial Area	No	06/05/09	95 / 93	42			
Winchester BID	SE	Town Centre	No	26/07/07	62 / 54	45	800	£500,000	
Winsford Industrial Estate	NW	Industrial Area	No	19/11/05	89 / 71	50	146	£84,833	
Witham Industrial Estate BID	East of England	Industrial Area	No	10/08/09	63 / 76	52			
Worcester BID	West Midlands	Town Centre	No	04/11/09	79 / 71	43	613	£300,000	1.50%
Worthing Town Centre BID	SE	Town Centre	No	05/07/07	57 / 53	31	478	£220,000	

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Appendix 2

Survey questionnaire

1. Name of BID:
2. Your position:
3. What is the approximate annual expenditure of the BID?
4. What is the most significant item of expenditure in your BID (e.g. crime and safety programme, marketing activities, etc)?
5. What percentage of the BID income does the levy represent?
6. What are the most significant sources of BID income other than the levy (e.g. subscriptions, property owners' contribution, local authority contributions, earned income, donations in kind, etc)?
What proportion of the income does each of them represent?
7. Has the economic downturn affected the BID income or do you expect it to do so in the near future?
Yes <input type="checkbox"/> No <input type="checkbox"/>
Which sources of income have been/are more likely to be affected?

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8. Do you expect the economic downturn to constrain the amount and scale of services and activities performed by your BID?

Yes No

Which services and activities would be most affected?

9. Do you expect the government's spending cuts to affect baseline services relevant to your BID?

Yes No

Which services are more likely to be affected?

10. If your BID has just re-balloted or will do so in the near future, how do the levy rate and expected annual income compare with what you have had so far?

11. What would you say are the main challenges facing your BID in the next couple of years?

12. Could you think of any government policy or initiative that could help BIDs address those challenges?

Appendix 3

Survey returns – Summary information

Bid	Location	Type	No. Hereditaments	Annual budget	Most significant items of expenditure	% Levy income	Non-levy income
We Are Nottingham Leisure	East Midlands	Metropolitan Core	266	£370,000	Events	70%	Local development agency grants = 19% Other grants = 5% Sponsorships = 3% Earned income = 3%
Lincoln	East Midlands	Town Centre	877	£1.2m	Events, Security, Wardens	30%	Private Sector Voluntary = 5% Local Authority SLA = 20% Grants, Home Office, ERDF = 30% Trading Revenues = 15%
Great Yarmouth	East of England	Town Centre	200	190k	Crime and Safety	50%	Property owners 12% Subscriptions 10% Local Authority Direct Core 11% Local Authority projects 9% Local Authority Indirect e.g. licensing of street activities 30% Earned income 28%
Bid4Bury	East of England	Town Centre	380	£350,000	1. Marketing 2. Crime & Safety 3. Christmas 4. Events 5. Business Support	95% as this is a new Bid	1. Event Trader Income 2. Marketing Sales 3. Voluntary Contributions
Bedford BID	East of England	Town Centre	527	£500,000pa	Marketing & Promotion Programme £250,000pa plus	65%	Property Owner = 15% Local Authority = 5% Earned Income = 15%
Dublin City BID	Ireland	Metropolitan Core	4700	€2.3m	Currently cleaning	90%	Earned income
Garratt Business Park industrial bid (Wandsworth)	London	Industrial Area	93	£60,000 - £80,000 approx.	in 2009/2010 – crime and safety, i.e. CCTV in earlier years it was infrastructure, i.e. the roads and drains 2010/2011 it may be general marketing, i.e. PR, general presentation of the estate	80% approx.	2009/2010 Local Authority grant towards improvements = 20%
London Riverside BID Ltd (Havering)	London	Industrial Area	272	£140,000.00	Safe and Secure	1%	London Thames Gateway Development Corporation £172,000.00 (2009/10) – to be part match funded by the BID – around £50,000.00
Camden Town Unlimited	London	Metropolitan Core	320	£500,000	There is no standing item, as our priorities change on an annual basis and as we source matched funding deal, predominately from the public sector. Year 1 – crime Year 2-3 – public realm Year 4 – recession Year 5 – inward investment	25%	Local authority project funding = 50% Regional government = 10% European funding = 10% Other = 5%
Paddington	London	Metropolitan Core	349	£600,000 in 2010/11	Crime/safety, followed by environmental improvements.	95%	Voluntary contributions = 5%.

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Bid	Location	Type	No. Hereditaments	Annual budget	Most significant items of expenditure	% Levy income	Non-levy income
Angel AIM	London	Metropolitan Core	339	700K	Crime and Safety – paying for a dedicated police team	Approx. 50%	Local authority voluntary contribution = 30% Property owners contributions = 5% Metropolitan Police =15%
Kingston Town Centre Management Ltd – T/A Kingstonfirst	London	Metropolitan Periphery	892	£1m in delivery of core projects	Marketing – £310k Cleansing and Greening – £300k	80%	We manage a number of business areas on behalf of the local authority and each of these are profit centres within the BID – Markets, Open Space, Tourism, Events and Market House. The LA has passed a proportion of their budgets to us and we retain the revenue – there is an agreement for the LA to underwrite any loss brought about by differences in accounting or budget practises. The local authority continues to pay towards the cost of TCM (50%), Events Executive (100%) and Tourism Executive and tourism budget (15%) and many of the community events plus a contribution to planting and Christmas lights. We also benefit from a 75% NNDR discount on all premises occupied by us – for Markets and Market House the LA has passed the full NNDR to us. Equally, we fund Christmas Park and Ride, NNDR Levy collection, Christmas lights and a range of other projects. We call this the 'virtuous circle' because both sides contribute similar amounts.
Ealing BID	London	Metropolitan Periphery	450	300000	Free Recycling programme	16%	Additional voluntary contributions from property owners equates to 13% of the total revenue budget
Bayswater BID	London	Metropolitan Core	445	£500,000	Marketing activities, cleanliness, safety activities.		Property owner contributions
Longhill & Sandgate BID (Hartlepool)	North East	Industrial Area	210	£40,000	Crime & Safety	100%	N/A
IEPBID Ltd (Bolton)	North West	Industrial Area	300	£420,000	Crime and security. BID was set up with this as its specific aim. Costs are for CCTV equipment and monitoring staff.		Local Authority capital grant. Trading income from bid by providing security services for non-BID members
Winsford Industrial Estate + Gadbrook Park BID (Cheshire)	North West	Industrial Area	146 + ?	£90K and £200k	Gadbrook = Security, Winsford = Business support	95%	Local Authority
Blackpool Town Centre BID Ltd	North West	Town Centre	802	£400K	Crime and Marketing take up 50% of the expenditure	65%	Subscriptions and rentals for crime initiatives and radio links = 30% Funding brought in through the BID's social enterprise status = 5% although in the year ahead that figure will grow to 20% due to funding bids already accepted.
Keswick	North West	Town Centre	463	£90k	Grants for events and festivals	100	



Bid	Location	Type	No. Hereditaments	Annual budget	Most significant items of expenditure	% Levy income	Non-levy income
Inverness BID Ltd	Scotland	Town Centre	680	£305,000	Salaries £99,000 Marketing £37,000 Safety £35,000	73%	Donations from Inverness Common good fund = 18%
Segensworth (Winchester)	South East	Industrial Area	175	£170,000	CCTV Cameras Estate Access Scheme	100%	
Lancing Business Park (Adur)	South East	Industrial Area	211	£85,000	Crime prevention (CCTV)	99%	1% sponsorship
Worthing Town Centre	South East	Town Centre	478	£220,000	Events and Marketing	85%	Local Authority = 15%
Reading Town Centre	South East	Town Centre	443	£400K	Marketing activities	80%	Property owners' contribution = 6% Grants = 10.5% Earned income = 1.5% Sponsorship = 2%
Torquay BID	South West	Town Centre	620	£300,000	Marketing and events	75 %	
Plymouth City Centre Company	South West	Town Centre	580	£850,000	Marketing/Events	40%	Entrepreneurial & Street Trading Income = 30% Subscriptions = 20% LA Contribution = 10%
Totally Truro	South West	Town Centre	418	£290,000	Events activities; specifically Christmas (and Christmas lights); annual music festival and annual art festival	91%	Public sector contributions = 4% Sponsorship = 2% Landlord contributions = 1% Earned income = 2%
Swindon BID Company Ltd	South West	Town Centre	542	£500,000+	Crime and Safety Programme through Street Team Ambassadors and Radio Network	78%	LA contribution = 14% Earned Income = 4% Donations in Kind = 4%
Swansea BID	Wales	Town Centre	726	485K	Cleansing – 4 operatives 7 days a week in the city centre	100%	Local authority = £10,000 towards BID manager role, in kind officer support
Albion BID 2 (Sandwell)	West Midlands	Industrial Area	123	170K	Security programme, monitoring of CCTV cameras and patrols	100%	
Colmore Business District (Birmingham CBD)	West Midlands	Metropolitan Core	614	£690,000	Projects and services which fall under the remit of improving the District's: cleanliness, greenness, attractiveness	100%	None
Retail Birmingham (Bull Ring & retail core)	West Midlands	Metropolitan Core	420	£1.2 million in 2009 / 2010 – figures that follow are also in relation to 2009 / 2010	Marketing and events 51%	44%	Sponsorship / cash contributions = 39% Voluntary Contributions (Property) = 13% Local authority = 4%

RICS Research – BIDs, Economic Recession and the Future of Stakeholder-led Public Realm Management

Bid	Location	Type	No. Hereditaments	Annual budget	Most significant items of expenditure	% Levy income	Non-levy income
Kings Heath Centre Partnership BID	West Midlands	Metropolitan Periphery	322	£128,700 (2009/10)	The budget is split relatively equally between three main functions – community safety and infrastructure (i.e. improvements in the trading area, highways, signage, CCTV etc.), marketing and events (producing newsletters for businesses, shop local bags for customers, events and Christmas lights), and clean and green, which concentrates on the floral trail for Britain in Bloom, and encouraging more resident involvement in competitions around front gardens etc.	91.8%	Charitable Organisations = 0.03% Local Business Association = 0.5% Grant applications through local authority = 1.6% Ward contributions (local authority) = 5.9% Individual business contributions = 0.2%
Worcester BID	West Midlands	Town Centre	613	£410,000	Marketing	90	Property Owners' Contribution = 100%
BID Leamington Ltd	West Midlands	Town Centre	462	£300,000.00	Marketing Activities	99%	Small percentage of earned income
Skipton BID	Yorkshire and the Humber	Town Centre	570	140000	Car Parking	100%	None
Hull BID	Yorkshire and the Humber	Town Centre	1500	440000	Safety and security, followed by events and marketing	95%	property owners provide around 5% of income. Usually in support of specific marketing events e.g. Hull Fashion Week

Interview Outlines

BID manager:

1. Confirmation of details

- Size of BID (hereditaments)
- Composition (type and size of businesses)
- Mandate duration
- Budget (total & levy)

2. BID justification and achievements:

- What were the key issues that led to the formation of the BID?
- How successful has the BID addressed them?
- What are the most successful initiatives of the BID to date?
- What has been the perception of BID by levy payers? Has it become more/less supportive and how?
- What has been the perception of the BID by property owners? Has it become more/less supportive and how?
- Any specific concerns of rate-payers/property owners about the BID structure/functioning? How have they been addressed?

3. Impact of economic recession:

- Has the BID area been particularly affected by the recession? How?
- Which kind of business in the BID area has been more affected by recession?
- What are the most significant impacts of the recession on the BID itself?
- Has there been an impact on income? Which sources have been most affected and how?
- What has been the impact on voluntary contributions from property owners?
- Has there been an impact on the services/activities of the BID or any impact is predicted for the near future (refocusing, reduction)?
- What coping strategies has the BID pursued so far to deal with impacts in income and services?

4. Impact of local authority & public services spending cuts:

- What has been the role of the local authority in the formation, running and funding of the BID?
- Are you predicting any reduction, change or restructuring of public services relevant to the BID's activities? If so, which services?
- How would this impact on what the BID does?
- How would this impact on how the BID is perceived and on its acceptance?
- Are there strategies in place to cope with reduced/changed services/support from Government and the Local Authority? What are they?

5. Outlook for BID and major challenges for next 5 years

- What would you say are the main threats/challenges to BIDs in the medium term?
- Do you see opportunities for BIDs to grow and consolidate?
- Do you foresee areas/services in which BIDs might play a larger role than they have so far? Which areas/services and how?
- How would you imagine the role and structure of a BID like yours in the near future?

RICS Research – BIDs, Economic Recession and the Future of Stakeholder-led Public Realm Management

Local Authority:

1. BID justification and achievements:

- What were the key issues that led to the formation of the BID?
- How successful has the BID addressed them?
- What has been the perception of BID by rate-payers? Has it become more/less supportive and how?
- What has been the perception of the BID by property owners? Has it become more/less supportive and how?
- What has been the perception of the BID by users and by the population in general? Any issues?

2. Role of Local Authority in BID

- How does the BID fits into LA strategies and policies for the area?
- What has been the role of the local authority in the formation of the BID?
- What kind of support does the LA offer in the running and funding of BID activities?

3. Impact of economic recession

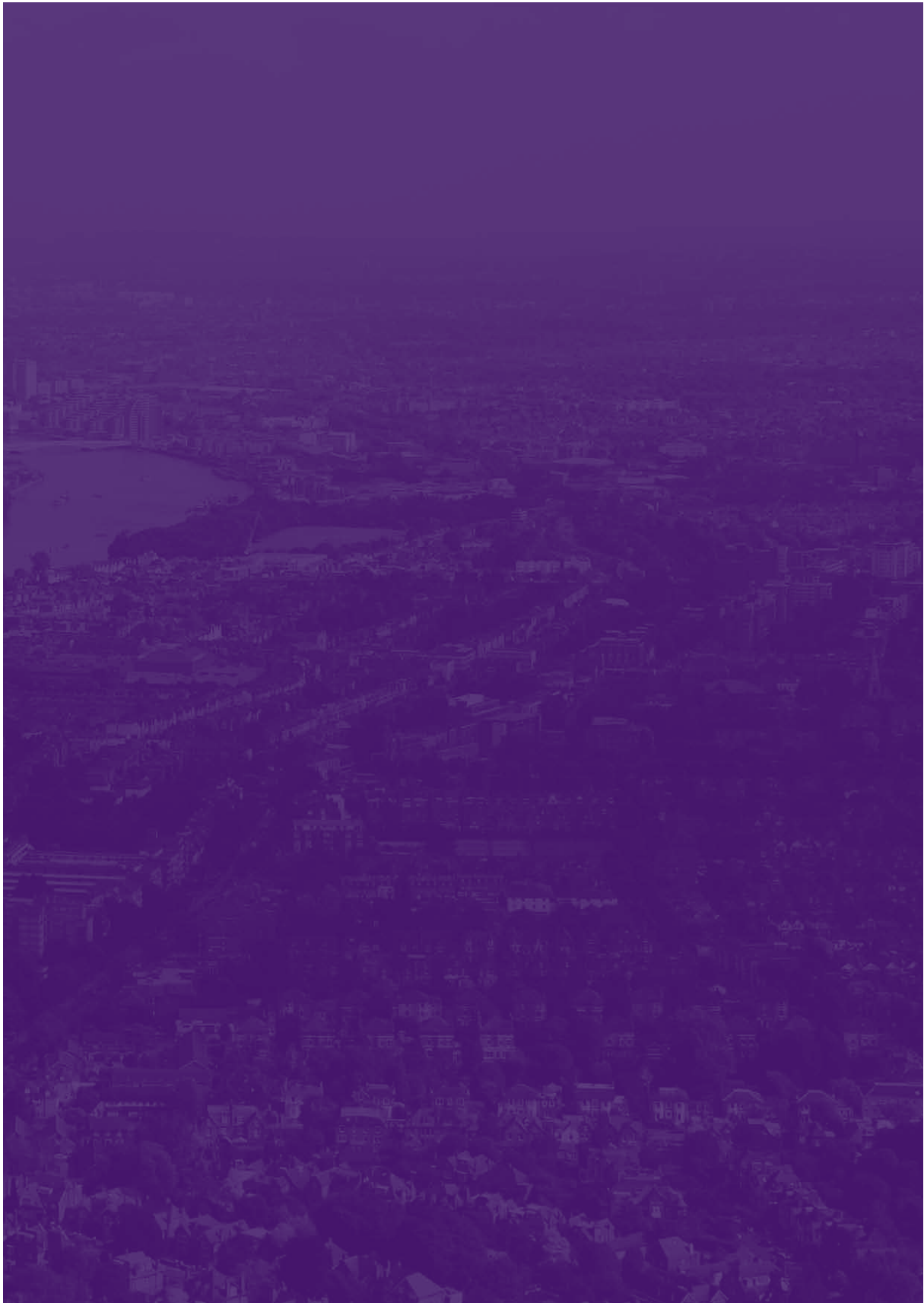
- Has the BID area been particularly affected by the recession? How?
- Which kind of business in the BID area has been more affected by recession?
- What are the most significant impacts of the recession on the BID itself?

4. Impact of local authority & public services spending cuts:

- Are you predicting any reduction, change or restructuring of public services relevant to the BID's activities? If so, which services?
- How would this impact on what the BID does?
- How would this impact on how the BID is perceived and on its acceptance?

5. Outlook for BID and major challenges for next 5 years

- What would you say are the main threats/challenges to BIDs in the medium term?
- Do see opportunities for BIDs to growth and consolidate?
- Do you foresee areas/services in which BIDs might play a larger role than they have so far? Which areas/ services and how?
- How would you imagine the role and structure of a BID in the near future?





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DECEMBER 2011/DML/1628/RESEARCH

University of Ulster

Committee for Social Development – NI Assembly
Wednesday 28th November 2012

Business Improvement Districts



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Jim Berry, Lesley Hemphill and Stanley McGreal
Built Environment Research Institute, University of Ulster



UU BIDs Research

- ESRC (2002) Urban regeneration, BIDs and Tax Incremental Financing in the US and its implications for UK regeneration policy
- Belfast City Council (2006) An evaluation of BIDs and their lessons for Northern Ireland and Belfast City Council
- Nationwide BIDs Survey (annually since 2009) Evaluation of UK/ROI BIDs
- Peer reviewed papers – (2002 to date) specifically in financial appraisal and performance measurement

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Outline of Presentation

- Broad context of Business Improvement Districts
 - What is a BID?
 - What are the benefits and challenges?
 - What are the key components of BIDs?
- Key Findings of Nationwide BID survey 2012
- Policy implications for Northern Ireland

BID CONTEXT



What is a BID?

- A Business Improvement District (BID) is a defined geographical area of a town, city or commercial district where non domestic ratepayers have voted to invest collectively in local improvements that are additional to those already delivered by the local authority.
- Specifically designed as a business-led initiative which can help build closer partnerships with local authorities in the decision-making of town centres.


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BID Benefits & Challenges

BID Benefits	BID Challenges
Support a vision, leadership and competitiveness	Getting a BID established
Increase visitor or customer numbers	The cost and resources needed to establish a BID
Drive up standards above the baseline service level agreement	Gaining support from the businesses due to pay the levy
Create a cleaner and safer environment	Measuring performance and additionality
Generate additional income and investment streams	Service provision demarcation with the Local Authority


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BID Components

- BID ballot –
 - All non-domestic rate payers within the designated area are invited to vote on the BID proposal in a ballot.
 - Approval in two ways –
 1. A simple majority of those who voted to be favour
 2. Those who voted must represent the majority by rateable value (i.e. ensure a balance across large and small businesses)

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BID Components

- BID levy –
 - % amount of rateable value paid in addition to business rates
 - Exemptions or discounts – charities, shopping centres, small businesses
 - Thresholds – cap on amount payable by very large businesses
 - Banded/Variable - % levy rate differs depending on rateable value bands
- BID levy typical costs at 1% rate –

Rateable value of property	Annual levy	Weekly cost	Daily cost
£30,000	£300	£5.80	80p
£60,000	£600	£11.50	£1.60
£90,000	£900	£17.50	£2.50
£120,000	£1200	£23.00	£3.30


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BID Components

- BID term –
 - Normally set for 5 years, upon which levy payers can re-ballot for renewal
- BID size –
 - Number of hereditaments liable to pay the levy within the designated area

BID Components

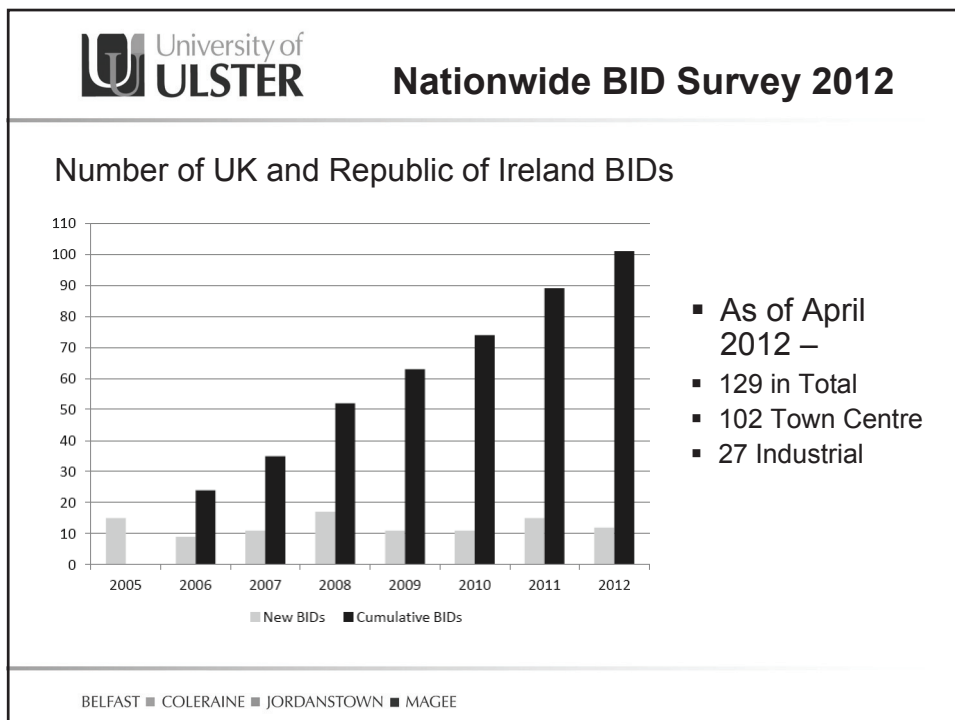
- Typical BID Proposal content –
 - Reasons why a BID is needed and associated benefits
 - Core themes and associated 5 year budget
 - Identified priorities based on consultation
 - The ballot process
 - BID levy and associated cost to local businesses
 - Baseline services of LA & operating agreement to ensure additionality
 - BID area including map of streets
 - Anticipated income/expenditure
 - BID management & operation
 - Performance measurement indicators

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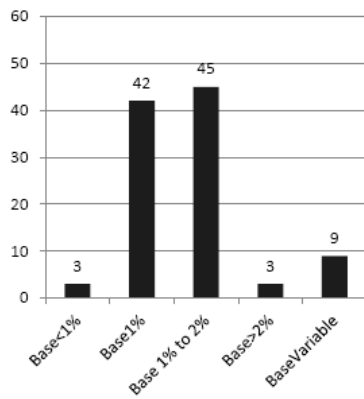
NATIONWIDE BID SURVEY FINDINGS 2012

School of Built Environment, UUU
in partnership with
British BIDs and Boots plc

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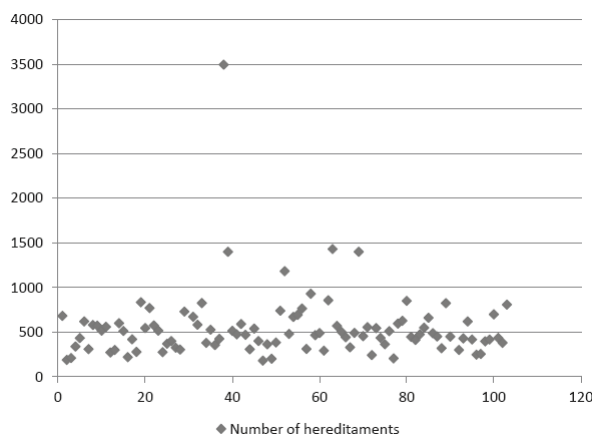
Base Levy Rate



- Below 1% tends to be areas with high RVs
- Above 2% tends to reflect special circumstances (e.g. Dublin 4% based on budget set before rate)
- Variable based on proximity to town centre or RV bands

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BID Size – No. of Hereditaments



- Total across all BIDs is 54,110
- Typical range falls between 300 and 600
- Largest – Dublin 3,496
- Smallest – Great Yarmouth 181

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Nationwide BID Survey 2012

- **BID Levy Income**
 - Total income chargeable for 2012 = £39,883,454
 - Average annual BID levy income = £390,052
- **Additional Direct BID Income**
 - Total additional direct income = £11,678,040
 - Average additional direct income = £169,247

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Nationwide BID Survey 2012

Income Leverage Ratio Analysis – Hemphill et al (in press)

	BID Levy Income (L)	Additional Income (I)	Ratio (I/L)
First Term BIDs	£4,772,807	£434,750	0.09
Advanced First Term BIDs	£13,801,588	£1,928,423	0.14
Renewed BIDs	£14,713,852	£5,064,679	0.34
City/Town Centre BIDs	£33,288,247	£7,427,852	0.22
London BIDs	£14,176,486	£2,769,391	0.20

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- Example Activities Include –
 - Developing apps and websites to promote town centres
 - Free out of season car-parking schemes
 - CCTV installation and crime prevention schemes
 - Visitor information centres and marketing campaigns
 - ‘Golden ticket’ promotions for purchasers of goods
 - ‘Alive after Five’ initiative to promote a night time economy
 - Crisis management of civil disturbances
 - Development of a green infrastructure valuation toolkit
 - ‘Packed lunch’ project with lunchtime activities to improve health and well-being

POLICY IMPLICATIONS FOR NORTHERN IRELAND

Conclusions

- BIDs remain the key means of implementing a coherent 'place management' strategy and in doing so add value to both service delivery and destination creation in town centres
- BIDs help respond to market forces and competition factors through facilitating and sourcing additional income and investment to counteract reduced retail spend and shop vacancies
- Investment within BID areas tends to focus on the early development phases in particular enabling infrastructure or public realm projects to help regenerate the physical environment
- More research is needed to analyse economic vitality and property market impacts through consideration of rental levels, footfall, vacancy and distinctiveness within BID areas

Conclusions

- There is evidence to suggest that BIDs are beginning to take on new additional income and investment co-ordinatory roles
- BIDs are likely to become a crucial conduit for sourcing additional town/city centre funding given their increasing track record and experience
- The cumulative income and investment potential of BIDs becomes more significant the longer the BID operates and therefore their regeneration benefits should be valued over the long-term
- BID renewal figures show evidence of BID popularity, but appropriate turn-out %ages are important for both acceptability and creditability purposes
- There is a need for future research to focus on establishing the counterfactual position of BIDs and determining their real additionality including consideration of displacement, deadweight and leakage



Questions that need Addressed

- OPERATIONAL
- What levy rate should be proposed?
- How many businesses (hereditaments) should be included in the BID designation?
- What length of term should be proposed?
- What objectives should be set for the BID proposal?
- What exemptions, thresholds or discounts would be operated?

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Questions that need Addressed

- STRATEGIC
- How do you ensure business buy-in to the payment of an additional surcharge in the current economic downturn?
- What performance measurement mechanisms should be implemented?
- Should a property owner be able to vote in favour or otherwise of a BID?
- Should a minimum turnout percentage threshold be implemented to the BID ballot process?
- Should government put aside a pot of money to help fund BID establishment?

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Appendix 4

Departmental Submissions

Departmental Briefing Paper re the BIDs Bill

Urban Regeneration Strategy Directorate
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Tel: 02890 829 383

Dr Kevin Pelan
Clerk to the Committee
Social Development Committee Office
Room 412
Parliament Buildings
BELFAST
BT4 3XX

8 June 2012

Dear Kevin

Business Improvement Districts (BIDs) Draft Bill

The Committee may be aware that it is the Department's intention to bring the BIDs Bill to the Executive for approval to introduce the Bill in the Assembly prior to the Summer Recess. To that end, I am taking this opportunity to forward copies of the Bill and its accompanying Explanatory and Financial Memorandum "In confidence" to the Committee for its information.

Committee members will already be familiar with the concept of BIDs following a briefing by officials last October. The policy has not changed since that briefing. Although many of the provisions of this Bill are subject to negative resolution, two parts of it in respect of the BID levy and the creation of an offence in misusing data provided by DFP for the purposes of developing a BID proposal, will be subject to draft affirmative resolution and therefore debate in the Assembly. There will, of course, also be a debate at Second Stage during Introduction of the Bill, in line with the Assembly Standing Orders process.

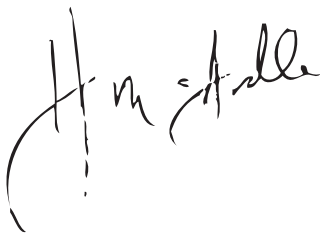
It is the Department's intention to engage more fully with the Committee on the supporting detail which will be included in the subordinate legislation and we will be in touch in due course as this is developed.

Attached at Annex A is a question and answer briefing on BIDs clarifying additional points which are likely to be of interest to the Committee.

Annex B contains the draft Bill and at Annex C is the draft Explanatory and Financial Memorandum which accompanies the Bill to provide clarification on various points.

We would be happy to receive any queries that the Committee may have.

Yours sincerely



Henry McArdle

Annex A

Question & Answer Brief

Q. What is the purpose of this legislation?

A. This Bill will provide a statutory basis for the development of Business Improvement Districts (BIDs). This means that, if a vote to establish a BID is successful, everyone in the BID area will be liable to pay the BID levy which is used to fund additional services in the area. This is different from the current position of voluntary BIDs, where a business owner may refuse to pay the BID levy but will still benefit from the improvements in the area, which have been paid for by others.

Q. What are the benefits of a BID?

A. A BID offers a sustainable source of finance to fund an agreed package of additional services or projects required by the local business community with a view to increasing footfall and, thereby, consumer spending in their businesses. In simple terms it is a pooling of resources to deliver an improvement plan which is business led. This is fundamental to the success of any BID scheme – it will not work if government is seen to be imposing it.

Q. Which towns or cities can put forward proposals for a BID?

A. All towns and cities in Northern Ireland can benefit from my proposals for business improvement districts if they wish to do so. The legislation will be flexible enough to allow local discretion and for the development of local solutions. The onus is, however, completely on local businesses, along with their local council, to decide whether a BID proposal is something that they wish to take forward.

Q. Isn't during a recession a bad time to be developing a BID?

A. Actually this is a good time to develop a BID because it provides an opportunity for businesses to work together to drive down overheads. A BID can make their money go that much further with larger marketing budgets which can reach out and promote their businesses to more people locally and further afield. A BID offers great opportunities for economies of scale.

Q. Do businesses have to wait on the legislation before developing their plans?

A. No. A lot of the work needed to develop a BID proposal is not dependent on the legislation being in place. Evidence from other jurisdictions is that it takes between eighteen months and two years to develop BID proposals. This involves, for example, canvassing businesses in the proposed BID area, working up a proposal for the services required and putting together the business case. Some towns and cities have already started work on preparing their BID proposals.

Q. Why is it taking so long to put this legislation in place?

A. When the Minister took office in May 2011, one of his first actions was to review the outcome of the public consultation and decide on the way forward. This involved finalising the policy, briefing the Social Development Committee and seeking Executive agreement to draft the necessary legislation. Drafting is now complete following the resolution of a number of issues and the legislation is undergoing the Assembly Standing Orders process. Subject to the speed of the legislation through that process, the Department aims to have the Primary legislation in place by the end of this year. This will be followed by secondary legislation and guidance from the Department. So, the Department has been taking this legislation forward as a priority as quickly as possible.

Q: What type of services and projects can a BID deliver?

A: A BID can cover almost any project or service that the businesses agree would be of benefit and worth funding.

Projects can include core services such as additional cleansing and security or more wide-ranging projects such as recycling, business support, improved infrastructure, joint purchasing, area branding and promotion.

Q: How will the BIDs be funded?

A: The BID levy revenue is the core funding for the BID area. It will be a matter for each business-led partnership to determine the amount of levy to be applied to each business and the overall resources available to spend in the BID area. Businesses should be aiming to achieve 'levy neutrality' – that is, to recoup the cost of the levy in the savings that they are subsequently able to make as a result of the BID. The BID proposals should be innovative to achieve the best benefits. Using the power of collective purchasing to drive down overhead costs, for example of insurance, utilities or waste management services, is one way in which BIDs can display innovative thinking and achieve 'levy neutrality'. For example, in England, some BIDs have entered into agreements with local recycling companies whereby the cost of waste collection is offset against payments for some of the recyclable materials.

Q: Who will have to pay the levy?

A: If a BID ballot is successful, then all eligible businesses within the BID area will be required to pay the levy. If a property is empty at the start of the BID, then the owner will be liable. It will be up to the BID proposer to suggest any exemptions or lower levy rates, for example for charity shops. All this will be set out in the BID proposals on which a ballot will be held. However, there is no requirement for a BID proposer to suggest any exemptions to payment of the levy.

Q: Will there be start-up funding available for those who wish to start up a BID?

A: Some consultation responses indicated that there should be grant funding available for those wishing to start up a BID. However, the practice in most other jurisdictions is that no start up funding is available. In some other areas, up front BID development costs are borne by the private sector and can be recovered by them when the BID has been established. This provides a useful test of local business intent.

Q: What are the benefits of BIDs if no new resources are made available to help businesses grow?

A: An important point to make is that there is a desire and hunger among the business community in many towns for the introduction of that legislation. The DSD Minister recently visited with council officials and traders in Ballymena. They have talked about the legislation being brought forward. He has also been elsewhere to talk to traders and councils, and there is a consensus that it is a good thing. Some areas are more prepared for it than others. Some are just starting out on the journey and others are well advanced. Ballymena is a good example of local initiative: businesses have been moving forward rapidly on this to prepare themselves, as have traders in Belfast. There are advantages, and they are recognised by the traders.

It is not about extra money from government; the Department is not putting the money in. However, it gives control to local traders on how any additional money that they put into an area will be spent. It is about that sense of local control and the knowledge that local businesses have on what will do the most to improve trade for them.

Q: What actions will the Minister take to encourage businesses and others to participate in the scheme?

A: Already, right across Northern Ireland, the business community is recognising the value and benefits of the scheme, and that is without it being promoted and sold by the Department. Ours is very much an enabling role, and there is no better way to encourage another town or area to take that up than to see it working and to see the enthusiasm in other areas. Traders from different areas speaking to each other is one of the most effective ways to promote this. The DSD Minister has been to a number of areas speaking to traders and councils, and the general view is that the Department does not need to drum up enthusiasm; it is already there.

Annex B

Business Improvement Districts Bill

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A

B I L L

TO

Make provision for business improvement districts and for connected purposes.

BE IT ENACTED by being passed by the Northern Ireland Assembly and assented to by Her Majesty as follows:

BID arrangements

Arrangements with respect to business improvement districts [j33]

1.—(1) A district council may, in accordance with this Act, make arrangements (“BID arrangements”) with respect to an area (a “business improvement district”) comprising all or part of the district of the council.

(2) A business improvement district may comprise areas which are not adjacent to each other.

(3) The purpose of BID arrangements is to enable—

- (a) the projects specified in the arrangements to be carried out for the benefit of the business improvement district or those who live, work or carry on any activity in the district, and
- (b) those projects to be financed (in whole or in part) by a levy (“BID levy”) imposed on the eligible ratepayers, or a class of such ratepayers in the district.

Joint arrangements [j34]

2.—(1) The Department may by regulations make provision for or in connection with enabling two or more district councils to make BID arrangements with respect to a business improvement district comprising all or part of the district of each of the councils.

(2) The provision which may be made by regulations under subsection (1) includes provision which modifies any provision made by or under this Act in its application to such arrangements.

Additional contributions and action [j35]

3.—(1) The persons specified in subsection (2) may make financial contributions or take action for the purpose of enabling the projects specified in BID arrangements to be carried out.

(2) Those persons are—

- (a) the district council which has made the arrangements, and
- (b) any other person authorised or required to do so in accordance with the arrangements.

Duty to comply with arrangements [j36]

4. Where BID arrangements are in force, the district council which made the arrangements must comply with them.

Procedure

BID proposals [j38]

5.—(1) BID arrangements are not to come into force unless proposals for the arrangements (“BID proposals”) are approved by a ballot.

(2) The Department may by regulations make provision—

- (a) as to the persons who may draw up BID proposals,
- (b) as to consultation on BID proposals,
- (c) as to other procedures to be followed in connection with the drawing up of BID proposals,
- (d) as to the matters to be included in BID proposals,
- (e) as to the date which may be provided under BID proposals for the coming into force of BID arrangements which give effect to the proposals,
- (f) as to—
 - (i) the disclosure for the purposes of BID proposals of information held by the Department of Finance and Personnel in connection with its functions relating to rating of hereditaments,
 - (ii) the use to which such information may be put, and
 - (iii) the creation of offences and penalties in connection with any unauthorised disclosure of such information.

Entitlement to vote in ballot [j39A]

6.—(1) Entitlement to vote in a ballot held for the purposes of section 5(1) is to be determined in accordance with this section.

(2) When submitting BID proposals to the district council, those who have drawn up the proposals are also to submit a statement as to which eligible ratepayers are to be entitled to vote in the ballot.

(3) A person is an eligible ratepayer if on the prescribed date that person is chargeable to rates in respect of relevant property.

(4) In this section and in section 12 “relevant property” means a hereditament which is—

- (a) within the business improvement district; and
- (b) included in the NAV list.

(5) In this section and in section 7 “NAV list” has the same meaning as in the Rates Order.

Approval in ballot [j40]

7.—(1) BID proposals are not to be regarded as approved by a ballot held for the purposes of section 5(1) unless four conditions are satisfied.

(2) Except where section 8 applies, the four conditions are those set out in subsections (3), (4), (5) and (6).

(3) The first condition is that the number of votes cast in favour of the BID proposals exceeds the number of votes cast against those proposals.

(4) The second condition is that A exceeds B.

(5) The third condition is that at least 25% of the eligible ratepayers entitled to vote in the ballot have done so.

(6) The fourth condition is that the total of A plus B is equal to at least 25% of the aggregate of the net annual values of all hereditaments in respect of which an eligible ratepayer is entitled to vote in the ballot.

(7) “A” is the aggregate of the net annual values of the hereditaments in respect of which an eligible ratepayer voting in the ballot has voted in favour of the BID proposals.

(8) “B” is the aggregate of the net annual values of the hereditaments in respect of which an eligible ratepayer voting in the ballot has voted against the BID proposals.

(9) For the purposes of subsections (6), (7) and (8), the net annual value of a hereditament is that shown in the NAV list on the day of the ballot.

(10) In this section “net annual value” has the same meaning as in the Rates Order.

Approval in ballot - alternative conditions [j41]

8.—(1) This section applies where the persons who have drawn up the BID proposals so specify when submitting those proposals to the district council in advance of a ballot being held for the purposes of section 5(1).

(2) Section 7(1) shall have effect in respect of that ballot subject to either or both of the following—

- (a) the substitution of the condition set out in subsection (3) for that set out in subsection (3) of section 7,
- (b) the substitution of the condition set out in subsection (4) for that set out in subsection (4) of section 7.

(3) The condition is that the number of votes cast in favour of the BID proposals must exceed the number of votes cast against those proposals by such number or percentage as may be specified by the persons who have drawn up the BID proposals.

(4) The condition is that A must exceed B by such amount or percentage as may be specified by the persons who have drawn up the BID proposals.

(5) In subsection (4), “A” and “B” have the same meanings as in subsections (7) and (8) of section 7.

Power of veto [j42]

9.—(1) This section applies where a ballot is to be held for the purposes of section 5(1).

(2) By such date prior to the date of the ballot as may be prescribed, the district council to which the BID proposals relate is to give to—

- (a) the persons who have drawn up the proposals, and
- (b) the Department,

notice that the council is or is not vetoing the proposals.

(3) The council may veto proposals only in prescribed circumstances and is not entitled to do so after the date prescribed for the purposes of subsection (2).

(4) Where the district council has vetoed the BID proposals, no ballot shall be held.

(5) In deciding whether to exercise the veto, the district council is to have regard to such matters as may be prescribed.

(6) A notice under subsection (2) vetoing the BID proposals must—

- (a) set out the reasons for the exercise of the veto, and
- (b) give details of the right of appeal under section 10.

(7) Any other notice under subsection (2) must set out the reasons for not exercising the veto.

Appeal against veto [j43]

10.—(1) Where a district council vetoes BID proposals, any eligible ratepayer who was entitled to vote in the ballot may appeal to the Department.

(2) The Department may by regulations make provision in relation to appeals under this section, including provision—

- (a) as to the time by which an appeal is to be made,
- (b) as to the manner in which an appeal is to be made,
- (c) as to the procedure to be followed in connection with an appeal, and
- (d) as to the matters to be taken into account in deciding whether to allow an appeal.

Commencement of BID arrangements [j44]

11.—(1) This section applies where BID proposals are approved by a ballot held for the purposes of section 5(1).

(2) The district council concerned must ensure that BID arrangements which give effect to the proposals are made by the time the arrangements are to come into force in accordance with this section.

(3) The BID arrangements are to come into force on such day as may be provided under the BID proposals.

BID levy

Imposition and amount of BID levy [js4]

12.—(1) A BID levy is to be imposed only for periods falling within the period in which the BID arrangements are in force and any references in this section and section 13 to “chargeable periods” are to those periods.

(2) The length of any chargeable period, and the day on which it begins, must be specified in the BID proposals.

(3) The calculation of BID levy for any chargeable period must be specified in the BID proposals and the amount of the BID levy for such chargeable period is to be calculated in such manner as provided for in the BID arrangements.

(4) BID levy provided for in BID proposals may be different for different classes of—

- (a) eligible ratepayer;
- (b) geographical area within the business improvement district; or
- (c) relevant property (within the meaning of section 6(4)),

or any combination of these different classes.

(5) The provision in BID proposals for calculation of BID levy for any chargeable period must include a statement of whether any of the costs incurred in developing the BID proposals, or holding of the ballot are to be recovered through BID levy.

Liability and accounting for BID levy [js5]

13.—(1) BID proposals must specify the description of eligible ratepayers in the business improvement district who are to be liable for BID levy for a chargeable period.

(2) An eligible ratepayer is to pay a levy for a chargeable period if that ratepayer falls within that description at any time within the period.

(3) The amount of an eligible ratepayer's liability for BID levy for any chargeable period is to be determined in accordance with the BID arrangements.

(4) Any amount of BID levy for which an eligible ratepayer is liable is to be paid to the district council which made the arrangements.

Administration etc.

BID Revenue Account [j37]

14.—(1) A district council which has made BID arrangements must, in accordance with proper practices, keep an account, to be called the BID Revenue Account.

(2) Amounts paid to the council for the purpose of enabling the projects specified in the BID arrangements to be carried out must be credited to the BID Revenue Account.

(3) Amounts are to be debited to the BID Revenue Account only in accordance with BID arrangements.

(4) The Department may by regulations make further provision in relation to the BID Revenue Account.

Administration of BID levy etc. [j48E]

15. The Department may by regulations make provision with respect to the imposition, administration, collection, recovery and application of BID levy.

Miscellaneous

Duration of BID arrangements etc. [j45]

16.—(1) BID arrangements are to have effect for such period (not exceeding 5 years) as may be specified in the arrangements.

(2) BID arrangements may be renewed for one or more periods each of which must not exceed 5 years, but only if the renewal of the arrangements on that or each occasion is approved by a ballot.

(3) The renewal of BID arrangements is not to be regarded as approved by a ballot held for the purposes of subsection (2) unless the conditions which applied to the approval of the BID proposals (by virtue of section 7 and, where relevant, section 8) are satisfied in relation to the renewal of the arrangements.

(4) The Department may by regulations make provision—

(a) as to the alteration of BID arrangements, and

(b) as to the termination of BID arrangements.

(5) The provision which may be made by virtue of subsection (4)(a) or (b) includes provision preventing or restricting the alteration or early termination of BID arrangements.

(6) Nothing in subsection (5) is to be taken as limiting the power conferred by subsection (4).

Regulations about ballots [j46]

17.—(1) The Department may by regulations make provision in relation to ballots.

- (2) The provision which may be made by regulations under subsection (1) includes provision—
- (a) as to the timing of ballots,
 - (b) as to the eligible ratepayers entitled to vote in a ballot,
 - (c) as to the question or questions to be asked in a ballot,
 - (d) as to the allocation of votes to those eligible ratepayers entitled to vote in a ballot,
 - (e) as to the form that ballots may take,
 - (f) as to the persons who are to hold ballots,
 - (g) as to the conduct of ballots,
 - (h) conferring power on the Department to declare ballots void in cases of material irregularity,
 - (i) for or in connection with enabling a district council to recover the costs of a ballot from such persons and in such circumstances as may be prescribed.
- (3) Nothing in subsection (2) is to be taken as limiting the power conferred by subsection (1).
- (4) In this section “ballot” means a ballot held for the purposes of section 5(1) or 16(2).

Power to make further provision [j56E]

18.—(1) The Department may by regulations make such supplementary, incidental, consequential or transitional provision as it considers necessary or expedient for the purposes of, in consequence of, or for giving full effect to, any provision made by or under this Act.

(2) The provision which may be made under subsection (1) includes provision which amends any statutory provision.

Further provision as to regulations [j47]

19.—(1) Subject to subsection (2), regulations made under this Act are subject to negative resolution.

(2) Regulations to which this subsection applies may not be made unless a draft of the regulations has been laid before and approved by a resolution of the Assembly.

(3) Subsection (2) applies to regulations which include provision under—

- (a) section 5(2)(f)(iii);
- (b) section 9(3);
- (c) section 2(1) where that provision modifies any provision made by or under this Act; and
- (d) section 18(1) where that provision amends any statutory provision.

Crown application [j48]

20. This Act binds the Crown to the full extent authorised or permitted by the constitutional laws of Northern Ireland.

Interpretation [j49]

21.—(1) In this Act—

- “BID arrangements” has the meaning given by section 1;
- “BID levy” has the meaning given by section 1;
- “BID proposals” has the meaning given by section 5;
- “business improvement district” has the meaning given by section 1;
- “the Department” means the Department for Social Development;
- “eligible ratepayer” has the meaning given by section 6;

“hereditament” has the same meaning as in the Rates Order;

“prescribed” means prescribed by regulations made by the Department;

“the Rates Order” means the Rates (Northern Ireland) Order 1977; and

“statutory provision” has the meaning given by section 1(f) of the Interpretation Act (Northern Ireland) 1954.

(2) Any reference to “BID proposals” in this Act includes proposals in relation to the renewal or alteration of BID arrangements under section 16 or by virtue of regulations made under that section.

(3) Any reference to “BID arrangements” in this Act includes BID arrangements as renewed or altered under section 16 or by virtue of regulations made under that section.

Short title [j1]

22. This Act may be cited as the Business Improvement Districts Act (Northern Ireland) 2012.

Annex C

Business Improvement Districts Bill

Explanatory and financial memorandum

Introduction

1. This Explanatory and Financial Memorandum has been prepared by the Department for Social Development in order to assist the reader of the Bill and to help inform debate on it. It does not form part of the Bill and has not been endorsed by the Assembly.
2. The Memorandum needs to be read in conjunction with the Bill. It is not, and is not meant to be, a comprehensive description of the Bill. So where a clause or part of a clause does not seem to require an explanation or comment, none is given.

Background and Policy Objectives

3. The proposed Bill will introduce provisions to allow for statutory business improvement districts (BIDs) in Northern Ireland and will provide a general legislative framework for the BID scheme, with the detail of the scheme intended to be introduced through secondary legislation.
4. BIDs legislation is already in place in England, Wales, Scotland and the Republic of Ireland. The concept originated in America and experience has shown that the BID model has the potential to bring about an improved business environment and improved economic growth. Proposals for Northern Ireland BIDs have been informed by legislation and practice in other parts of the UK and Ireland.
5. Failure to introduce BIDs legislation would mean that those who wish to establish BIDs would have to rely on informal or voluntary financial arrangements. Experience has shown that this can be problematic and lead to difficulties in raising sufficient finance to support schemes.
6. In broad terms, the Bill will:
 - Allow a district council to define a BID within its council area or in cooperation with a neighbouring council;
 - Require a district council to set up a ring-fenced BID Revenue Account to hold funds raised by the local levy;
 - Require that BID proposals be formally compiled and put to a vote via an official ballot;
 - Specify those entitled to vote in the ballot (non-domestic rate payers within the proposed BID area);
 - Specify the conditions for approval of a ballot. The interests of large and small businesses are to be protected by a voting system which requires a simple majority in both votes cast and rateable value of votes cast plus a minimum 25% turnout (by number and rateable value) in order to be successful. BID proposers in a given area may specify that they wish to set a higher threshold;
 - Allow a district council to veto BID proposals in certain exceptional circumstances (e.g. if proposals are considered to significantly conflict with existing council policy or if they are likely to impose a disproportionate financial burden). In the event of a council exercising this veto, the BID proposers would be able to appeal to the Department;
 - Specify the maximum timeframe (five years) for BID arrangements to operate before needing to be resubmitted to a ballot.

7. Many of the provisions in the Bill will provide for the later introduction of statutory rules. It is largely through these instruments that the detail of what is required legislatively, to underpin the introduction of BID arrangements, will be put in place. The Department's intention is to allow maximum flexibility within the general framework provided for in primary legislation, in order that the scheme can be adapted to suit local needs.

Consultation

8. The Department consulted on proposals for business improvement districts between 01 December 2010 and 28 February 2011 and received 37 written responses.
9. From the responses received it is clear that there is an overwhelming support for the introduction of business improvement districts in Northern Ireland. Of the 37 responses received 35 (95%) were very supportive, feeling that the BID model would facilitate local businesses to work in partnership with local government in addressing issues impacting on the viability and vitality of town centres.
10. The main area of concern raised in the consultation related to responsibility for the billing, collection and enforcement of the BID levy. The Department had proposed in its consultation paper that this should be handled at local council level. However, a significant percentage of respondents suggested that this responsibility would be better placed with Land and Property Services (LPS) which currently carries out a similar role in its collection of the annual rates. Following discussions with the Department of Finance and Personnel (DFP), it has been agreed that LPS will take on a role in the administration of the BID levy, the details of which will be set out in secondary legislation and guidance from the Department.
11. The Bill has been developed in consultation with DOE, DFP and DOJ in recognition of the overlap with their areas of policy responsibility.

Options Considered

12. Three options were considered. Option 1 was to do nothing and allow BIDs in Northern Ireland to continue based on voluntary contributions with no mechanism to require payment or enforcement of a levy.
13. Option 2 was to develop legislation which would enable the introduction of statutory BIDs and provide a framework for regulation. Legislation would be flexible and the Department would leave questions such as the rate of the levy and relative contributions of different businesses to local discretion while providing a framework of advice and guidance.
14. Option 3 was to develop more prescriptive legislation that would attempt to regulate more aspects of BIDs operation and place more emphasis on standardisation and central control rather than local discretion.
15. The Department's preferred option was option 2 as it was considered that it offered the best balance between a statutory framework and local discretion for the business community to determine appropriate costs.

Overview

16. The Bill contains twenty-two clauses and commentary on these provisions follows. Comments are not given where the wording is self-explanatory.

Arrangements with respect to business improvement districts

Clause 1 enables a district council to make arrangements for a business improvement district in a defined area within the district council's boundary for the benefit of those identified in

the BID proposals. Clause 1 also makes explicit that a BID project, in a district council area, need not involve businesses that are within a discrete geographic area, but can consist of businesses that are linked thematically, or that are near to one another without being wholly adjacent to each other.

Joint arrangements

Clause 2 allows the Department to make regulations outlining the procedure for when a BID proposal covers an area lying within the boundaries of two or more district councils.

Additional contributions and action

Clause 3 allows district councils, and any other person identified in the “BID arrangements”, to make voluntary financial contributions towards funding a BID project.

Duty to comply with arrangements

Clause 4 places a duty on a district council to comply with the BID arrangements, once these are in force.

BID proposals

Clause 5 ensures that a BID project will only go ahead if the BID proposals have been approved by a ballot of those ratepayers identified in the BID proposals. Clause 5 also allows the Department to set out in regulations the persons who can draw up BID proposals; the procedures for consultation, including who can be consulted on the proposals; the procedures which a person taking forward a BID arrangement should follow when drawing up BID proposals; what should be outlined in the BID proposals; when the BID arrangements would commence; the circumstances in which disclosure of relevant information must be made by DFP; the purpose(s) for which this information may be used; and provides for the creation of offences and penalties in relation to the unauthorised disclosure of any data provided by DFP.

Entitlement to vote in Ballot

Clause 6 sets out how entitlement to vote is determined. It requires the BID proposer to provide a statement to the district council that lists all those who will be eligible to vote in the BID ballot. The choice of who can vote is ultimately determined by the names appearing in the statement prepared by the BID proposers and the decision of who appears on the list is vested in the BID proposers. A person will be eligible to vote if he is chargeable to rates in respect of a property on the Net Annual Valuation (NAV) list within the BID area.

Approval in ballot

Clause 7 sets out the conditions that must be met before a BID ballot can be regarded as approved. The conditions are:

- (a) A majority of the votes cast are in favour of the BID proposal;
- (b) At least 25% of those entitled to vote have done so;
- (c) Those who vote in favour represent a greater aggregate of net annual value than those who vote against;
- (d) At least 25% of the aggregate of the net annual values of all hereditaments in respect of which an eligible ratepayer is entitled to vote, have done so.

Approval in ballot – alternative conditions

Clause 8 allows those who have drawn up BID proposals to set a higher margin of either net annual values, or numbers of votes cast, or both, before a BID ballot can be taken as approved. In addition, the BID proposals submitted to the district council are required to state

whether the alternative voting conditions will apply, so that a greater majority will be required, in either the number of votes cast by persons voting, or of the net annual value element of the vote.

Power of veto

Clause 9 confers the right to veto BID proposals on a district council. It requires the district council to notify the BID proposers whether or not it will use its veto, and to provide reasons for that decision, including where the veto has not been applied. Clause 9 also provides that the circumstances in which the district council may veto a BID proposal may be prescribed by the Department and that the Department may also prescribe the matters which the district council must consider before it may veto a BID proposal. Where the veto is applied, the ballot will not take place. District councils are also required to inform the person drawing up the BID proposals that he has a right of appeal against the veto to the Department. The district council must also notify the BID proposer of the details of that right of appeal.

Appeal against veto

Clause 10 allows any person who was entitled to vote in the BID ballot to appeal to the Department against a district council's decision to veto BID proposals. The Department will be able to make further provision via regulations as to the process behind an appeal.

Commencement of BID arrangements

Clause 11 provides for the BID arrangements to come into force on the day detailed in the BID proposals. It also places a duty on the district council to ensure the BID arrangements commence on the relevant day.

Imposition and amount of BID levy

Clause 12 provides that a BID levy can only be raised while BID arrangements are in force, and provides that the levy is to be calculated in accordance with the arrangements. The BID levy is not limited to being calculated on the basis of rateable value. It could for example be a flat rate levy. This clause also allows a BID levy to be different for different classes of ratepayer, which means relief(s) could be provided from the BID levy. Subsection (5) requires BID proposals to state whether the costs of developing the BID proposals and holding of the ballot are to be recovered through the BID levy.

Liability and accounting for BID levy

Clause 13 provides that BID proposals must specify who is liable for the BID levy, and that a person's liability is to be determined in accordance with the BID arrangements. It further specifies that all levy monies be paid directly to the district council which made the BID arrangements in question.

BID Revenue Account

Clause 14 requires a district council to open an account which is exclusively used to hold all revenues pertaining to a particular BID arrangement. This clause also gives the Department powers to make further provision relating to the BID account by regulations.

Administration of BID levy etc.

Clause 15 provides that the Department may make regulations governing the imposition, administration, collection, recovery and application of the BID levy.

Duration of BID arrangements etc.

Clause 16 sets a maximum time limit for BID projects of 5 years. It also provides for BID arrangements to be renewed, but only where a further ballot is approved under the same conditions as outlined in clause 7 or clause 8, if alternative conditions used. This clause

also allows the Department to make regulations setting out the procedure for alteration and termination of BID arrangements.

Regulations about ballots

Clause 17 allows the Department to make regulations governing the ballot process, particularly, but not exclusively, in relation to:

- (a) The timing of ballots;
- (b) The persons entitled to vote;
- (c) The question to be asked in a ballot;
- (d) The allocation of votes to those eligible ratepayers entitled to vote in a ballot,
- (e) The form that ballots may take;
- (f) The persons who are to hold ballots;
- (g) The conduct of ballots;
- (h) Allowing the Department to declare ballots void in cases of material irregularity;
- (i) Enabling a district council to recover the costs of a ballot.

Power to make further provision

Clause 18 allows the Department to make consequential and transitional provisions where necessary.

Further provision as to regulations

Clause 19 provides that any regulations made in the Bill are subject to negative resolution procedures in the Assembly, other than regulations under clause 9. Draft affirmative procedure is required for regulations under clause 2(1) (where they contain provision which modifies other legislation), clause 5(2)(f)(iii) (the creation of offences and penalties in connection with any unauthorised disclosure of such information), clause 9(3) (circumstances in which the district council veto may be exercised) and clause 18(1) (where they contain provision amending any other statutory provision).

Crown application

Clause 20 provides that the Bill applies to the Crown.

Interpretation

Clause 21 provides definitions of terms used in the Bill.

Short title

Clause 22 provides that the new legislation shall be known as the Business Improvement Districts Act (Northern Ireland) 2012.

Financial Effects of the Bill

17. The proposals do not have any significant financial implications for the Department. The operation of BIDs will require the Department to fulfil a central guidance and support role which can be met from within existing resources. The issue of the Department providing funding for the development of BID proposals will be considered further as arrangements are being developed. Provision will be made in secondary legislation for Land and Property Service (LPS) and district councils to have the option of recovering from the revenue raised

by the levy, any costs incurred from the BID levy administration, data sharing and ballot arrangements.

18. In line with the legislation in Great Britain and the Republic of Ireland, the legislation will not be prescriptive in stipulating who will be liable for the levy. It will be up to the BID proposer to determine in his BID proposals which non-domestic ratepayers will be liable to pay the BID levy and at what rate. Inclusion in a BID area will mean entitlement to vote on the BID proposals. However, as most BID proposals are targeted at commercial retail areas, it is unlikely that many government departments or other public bodies will become liable for a levy.

Human Rights Issues

19. The Department considers the provisions of the Bill to be compatible with the Convention on Human Rights.

Equality Impact Assessment

20. In accordance with the duty under Section 75 of the Northern Ireland Act 1998, officials have conducted an equality screening exercise to determine the potential implications for equality of opportunity of the policy proposals. Initial conclusions were that the proposals will have no significant detrimental impacts and therefore a full impact assessment was not considered necessary. These conclusions were further supported in that there were no equality concerns raised during the public consultation exercise.

Summary of the Regulatory Impact Assessment

21. The Department has conducted a preliminary regulatory impact assessment and concluded that the proposals will not have a disproportionate impact on businesses, charities, social economy enterprises or the voluntary sector. BID projects will be funded directly by district businesses and other organisations and this will only occur if they agree through a ballot that the BID should be established.

Legislative Competence

22. The Minister for Social Development has made the following statement under section 9 of the Northern Ireland Act 1998:

“In my view the Business Improvement Districts Bill would be within the legislative competence of the Northern Ireland Assembly.”

Letter from Minister



Department for
**Social
Development**

From: The Minister

5th Floor
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Mr Alex Maskey MLA
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Your ref: CSD/011/2011/NS

Our ref: COR/966/2012

3 December 2012

Dear Alex

BUSINESS IMPROVEMENT DISTRICTS BILL – SOCIAL DEVELOPMENT COMMITTEE SCRUTINY

Thank you for your letter of 29 November seeking clarifications and assurances on a number of issues relating to the draft Business Improvement Districts (BIDs) Bill on which the Committee is currently undertaking scrutiny.

For ease of reference, I have given my response under each clause referenced in your letter where an issue has been raised. The comments of the Committee are italicised.

Clause 1 Arrangements with respect to business improvement districts

The Committee recognises the broad support for this clause but asks the Minister to provide reassurance that the role and responsibility of the district council is made clear and unambiguous in the regulations.

The Regulations will clearly set out the roles and responsibilities of the district council, and the draft Regulations will, in addition, be subject to public consultation. We will of course also be engaging with the Social Development Committee as part of that process.

Clause 2 Joint arrangements

The Committee seeks clarification on the arrangements for BIDs that may have already been established in different council areas should RPA then subsequently be implemented, resulting in councils merging.



INVESTORS
IN PEOPLE

There will be no impact on any established BIDs as a result of RPA. Any BIDs which have been established in separate council areas prior to RPA will simply continue to run until the end of their agreed term should there be a merger of councils during that term under RPA. It will of course be possible for a council area to have more than one BID in operation at any one time and this position will not change as a result of RPA.

Clause 3 Additional contributions and actions

The Committee strongly recommends that the Department establishes a fund to support the development of BIDs proposals as is the case in Scotland and England.

The Committee also recommends that the Department reviews the work of 'BIDs academies' and how they contribute to the development of BIDs expertise to provide support to the development of BIDs with a view to helping establish such an academy here.

I have committed to examining the support arrangements, including funding, in other jurisdictions, before deciding on the arrangements here. This will include considering the work of BIDs Academies.

Clause 4 Duty to comply with arrangements

The Committee seeks assurances from the Minister that the regulations are transparent and unambiguous.

I can assure the Committee that the Regulations will be transparent and unambiguous, while still seeking to retain the necessary flexibility required to allow different areas to implement their own local solutions. The draft Regulations will of course be subject to full public consultation in due course.

Clause 5 BID proposals

While the Committee recognises BIDs are business-led initiatives the Committee is of the view that residents living in or near a BID are consulted as part of the consultation process.

The Committee therefore seeks assurances that such residents are consulted as part of the BID proposal.

Consultation is a fundamental part of the preparation of a BID proposal. In giving its support to any BID proposal, a local council would expect to see that the BID proposer has undertaken comprehensive consultation with relevant stakeholders, including local communities or their representatives, where appropriate. However, the Department will include in its guidance the need to engage with local residents/communities as part of the consultation process, particularly in cases where the BID area encompasses a large residential community.

Clause 6 Entitlement to vote in a ballot

Again, while the Committee recognises that entitlement to vote is restricted to non-domestic rate payers the Committee believes that consideration should be given to including members of residents' groups on the BID company board.

This would be a matter for the BID proposer to decide. If there is a large community organisation active in the area, the BID proposer may consider that it would be useful to include a representative on its board. However, it must be clear that residents' groups will not be entitled to vote in a BID ballot as they will not be levy payers should the BID be approved.

Clause 9 Power of veto

The Committee seeks assurances that the 'prescribed circumstances' referred to in this clause are unambiguous particularly given that clause 10 relates to an appeal against the veto.

I can assure the Committee that the Regulations will make clear the circumstances in which the local council may veto a BID proposal. However, it should be noted that if good consultation is undertaken and close engagement maintained with the council by the BID proposer, the veto should not be required as any issues will have been identified at an early stage. Nonetheless, this clause is included as a safeguard.

Clause 10 Appeal against veto

The Committee seeks assurances that the consultation process will be detailed and the regulations transparent and unambiguous.

I can assure the Committee that the draft Regulations will be subject to full public consultation and that the Regulations will be transparent and unambiguous, while still seeking to retain the necessary flexibility required to allow different areas to implement their own local solutions.

Clause 11 Commencement of BID arrangements

The Committee notes that, based on written responses to its call for evidence, councils/NILGA have the view that it should be the BID company that has responsibility to ensure that the BID arrangements, which give effect to the proposals, are made by the time the arrangements are to come into force.

The Committee seek further clarification on the implications of the BID company assuming this role and why it is councils that have responsibility for this in the Bill.

Once proposals are approved by ballot it is then the council's responsibility to ensure that the BID arrangements commence by arranging for the bills for the BID levy to be issued. As the BID levy is considered to be a tax, only government has the authority to collect it so the BID company cannot. In England, Scotland and Wales the local authority itself issues the bills but, following concerns raised at public consultation, it has been agreed that Land and Property Services may carry out that role here. This is possible as the Local Government Act (Northern Ireland) 1972 provides councils with the power to commission third parties, including government Departments, to undertake work on their behalf. However, it should be noted that the issuing of the bills will clearly be under the instruction of the local council who will have responsibility for commencing the arrangements.

Clause 13 Liability and accounting for BID levy

The Committee seeks further clarification on why this responsibility must reside with the council.

The BID levy has legal status as a tax (even though it is only to be paid following a successful ballot in favour of the BID). Only government has the power to collect taxes, and therefore the councils, rather than the BID company, should carry out this role. Since the council will be obliged by the legislation to set up a ringfenced BID Revenue Account, it also makes sense for the BID levy monies to be paid directly to that account. In practice the levy monies are then paid directly into the BID Company which decides how they are spent. This approach is in line with that of other jurisdictions.

Clause 18 Power to make further provision

The committee seeks clarification whether any provisions made under this clause will be consulted on.

It will depend on the nature of the provision –minor consequential or technical amendments required would not be consulted on, for example. However, any major amendments such as changing a statutory provision in the Bill (Act) would be consulted upon. It is normal to include such a power in Primary legislation because unforeseen circumstances can arise.

Yours sincerely

Nelson McCausland

NELSON McCAUSLAND MLA
Minister for Social Development

Departmental Amendments to BIDs Bill

From: The Minister

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Our ref: SUB/1286/2012

From: Nelson McCausland
Minister for Social Development

Date: 11 December 2012

Social Development Committee

BUSINESS IMPROVEMENT DISTRICTS (BIDs) BILL – AMENDMENTS – COMMITTEE FINAL REPORT AND CONSIDERATION STAGE

I am writing to advise you of my intention to table two amendments at Consideration Stage of the BIDs Bill and also to provide you with the proposed text for these amendments for inclusion in your final report on the Bill. The amendment to clause 19 was brought forward at the Committee's request following advice from the Examiner of Statutory Rules and I am content to move this amendment. Officials also advised the Committee on 4 December about a further amendment to Clause 6. I intend to bring forward these amendments in January when Consideration Stage for the Bill has been scheduled.

Clause 6 amendment

It is the intention of the Department that all non-domestic properties can be included within a proposed BID area, whether or not they have exemptions from paying rates, and therefore the tenant or the owner, as appropriate, would have an entitlement to vote on the BID proposals. It would be up to the BID proposer to decide which properties to include in the final proposals for ballot. In order to bring more clarity to the Bill on this point, Clause 6(3) has been amended to state entitlement to vote more explicitly.

Clause 19

The amended Clause 19(3) will include two additional clauses which are now to be subject to draft affirmative resolution.

I attach a copy of the amendments for information. These amendments in no way alter the policy intent of the BIDs Bill as agreed by the Executive and therefore do not require Executive agreement. I would ask the Committee to note both the amended wording and my intentions.

May I take this opportunity to thank the Committee for the effective and timely consideration of the BIDs Bill.

Yours sincerely

Nelson McCausland

**NELSON McCAUSLAND MLA
Minister for Social Development**

Attachment: BIDs Bill: draft amendments at 10 December 2012

BIDs BILL – DRAFT AMENDMENTS 10 DECEMBER 2012

Clause 6, Page 3, Line 1

Leave out subsection (3) and insert-

‘(3) In this Act "eligible ratepayer" means a person who on the prescribed date occupies or is entitled to possession of relevant property, whether or not rates are payable by that person in respect of it.’

Minister for Social Development

Clause 19, Page 7, Line 26

At end insert -

‘() section 6(3);’

Minister for Social Development

Clause 19, Page 7, Line 27

At end insert -

‘() section 17(2)(b);’

Minister for Social Development



Northern Ireland
Assembly

Appendix 5

List of Witnesses

List of Witnesses who gave evidence to the Committee

Alderman Arnold Hatch	Northern Ireland Local Government Association
Dr Ken Bishop	Northern Ireland Local Government Association
Mr Aodhán Connolly	Northern Ireland Retail Consortium
Professor Stanley McGreal	University of Ulster
Professor Jim Berry	University of Ulster
Dr Lesley Hemphill	University of Ulster
Mr Anthony McDaid	Department for Social Development
Mr Henry McArdle	Department for Social Development
Ms Gail Cheesman	Department for Social Development
Mr Glyn Roberts	NIIRTA Chief Executive
Ms Jackie Reilly	Association of Town Centre Management/UK BIDS Advisory Service
Mr Stephen Dunlop	Chairman Association of Town Centre Management
Mr Andrew Irvine	Belfast City Centre Manager



information & publishing solutions

Published by Authority of the Northern Ireland Assembly,
Belfast: The Stationery Office

and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Fax orders: 0870 600 5533

E-mail: customer.services@tso.co.uk

Textphone 0870 240 3701

TSO@Blackwell and other Accredited Agents

£28.50

Printed in Northern Ireland by The Stationery Office Limited
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ISBN 978-0-339-60453-7



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