



Business Improvement Districts are becoming a worldwide success story with an estimated 1,400 having been established. This new business strategy, developed to enhance the business environment and improve economic growth in the BID areas, is attracting interest from a number of areas in Scotland.

Town Centre Manager, Sunil Varu answers some of the key questions around the subject:

Q1. What is a Business Improvement District (BID)?

A. A Business Improvement District (BID) is a business-led initiative within a defined geographical area of a town, city, business district or rural area, not restricted by statutory boundaries, where businesses work together and invest collectively in local improvements to their business environment.

Through consultation, normally carried out by a steering group, a range of projects and services is agreed and a business plan developed. This is then put to a democratic vote involving all the eligible businesses in the proposed area.

A BID is often, although not exclusively, a partnership arrangement through which the local business community and statutory authorities can take forward projects that will benefit the local economy.

A BID is not a substitute for central or local government services, but is a way additional funding can be raised which businesses then decide how to use to strengthen the local business economy.

Q2. What are the benefits of a BID?

A. A BID provides sustainable funding for an agreed period of time, allowing the private sector to work with partners to deliver a variety of projects aimed at improving their business environment.

A BID:

- Is clear and transparent
- Allows self management and self funding
- Develops partnership between the public and private sectors
- Can harness private sector management drive & skills
- Gives business a strong local voice.

A BID can deliver major benefits to businesses through:

- Spend and sales
- More effective joint activity e.g. collective procurement and marketing
- Improvements to physical surroundings
- Improved competitiveness.

Q3. What type of services & 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 tackle issues such as:

- Safety and security
- Marketing and promotion

More innovative projects and services are expected to develop as each BID evolves. Some are developing projects around collective purchasing and cross-selling.

Q4. How do we know that the services are additional?

A. The steering group will include in the business plan a memorandum of understanding or service level agreement showing what services are delivered by the local authority in the proposed BID area.

Q5. Where did the BID concept come from?

A. Born out of Town Centre Management Partnerships, the concept was originally set up in Canada in the 1960s, but took off in the US in the late 1970s.

The Association of Town Centre Management promoted the concept here from the US and introduced it to the UK government. BID legislation for England and Wales was enacted in 2004. Legislation for Scotland was enacted in 2007.

Q6. What role does business play in developing a BID?

A. Each BID is developed by business for business. Normally, a steering group or task group is established, made up of predominantly private sector individuals and some public sector representatives.

The business plan will also set out the delivery mechanisms and performance indicators, as well as the BID governance and management structures.

Q7. How is a BID funded?

A. A BID is funded by business tenants and, where agreed, property owners – through a levy calculated on the non-domestic rates valuation.

The BID steering group will propose the levy rate in the business plan.

The levy monies raised can only be used for the delivery of the BID business plan.

Everyone contributes and everyone benefits.

Q8. Are additional funding sources allowed?

A. The legislation allows for contributions to be made by other agencies and organisations and, dependent on the legal entity of the BID, it may be possible for applications to be made to other funding sources or additional revenue developed through a commercial venture.

Q9. What is the voting criteria for a BID?

A. Each tenant and, if applicable, property owner who will be asked to pay the levy will be able to vote on whether or not that BID goes ahead.

A minimum of 25% of the businesses within the BID area must vote in order for the result to be validated.

A BID proposal in Scotland will only go ahead if more than half of the businesses that vote are in favour and this group must also represent more than half the rateable value of the BID area.

These thresholds protect tenants and property owners, as well as large and small businesses.

Higher thresholds can be set by the steering group if it thinks this will help to reassure the wider business community in the area.

If the ballot is successful, the decision is binding on all the eligible businesses.

Q10. How long does a BID take to develop?

A. Experience, both internationally and from other parts of the UK, shows that the establishment of a BID (i.e. to ballot) normally takes from 18 months to two years.

Q11. How long does a BID last?

A. BIDs in Scotland operate under the Planning etc. (Scotland) Act 2006 and, following a ballot, have a maximum duration of five years. The BID is then required to seek a new mandate from the businesses in the BID area.

Q12. Are there BIDs already in place in Scotland?

A. Six pilot BIDs have been developed in Scotland with funding provided by the then Scottish Executive. They were Bathgate, Inverness, Clackmannanshire, Falkirk and Edinburgh. The first ballots took place in March. Businesses in Bathgate have delivered a resounding 'yes' in a vote to become Scotland's first established BID.

