

Department for Social Development Consultation: Business Improvement Districts

Draft Belfast City Council response – February 2011

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| 1 | Introduction |
| 1.1 | Belfast City Council welcomes the opportunity to respond to the Department for Social Development's (DSD) consultation on Business Improvement Districts (BIDs). |
| 1.2 | 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. |
| 1.3 | <p>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.</p> <p>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.</p> |
| 1.4 | 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. |
| 2 | Are the respective roles of local councils and the Department considered appropriate? |
| 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. |
| 2.2 | <p>The consultation document suggests that the roles of local councils are:</p> <ul style="list-style-type: none"> • 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. <p>In addition to these legal responsibilities, councils are also expected to "play an</p> |

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| | <p>important facilitating role.”</p> <p>Taking these in turn, we will identify specific issues and possible concerns.</p> |
| 2.3 | <p>Provision of key information to BID partnerships: The consultation indicates the Council is legally responsibly 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.</p> <p>With regard to baseline service information, we have a number of concerns regarding this. These include:</p> <ul style="list-style-type: none"> • 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? |
| 2.4 | <p>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.</p> |
| 2.5 | <p>Collection and enforcement of the BID levy: we have significant concerns with this proposal for a number of reasons. These include:</p> <p>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.</p> <p>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.</p> <p>We consider that this element of the proposal will require further exploration and</p> |

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| | <p>discussion with Land and Property Services.</p> <p>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</p> |
| 2.6 | 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”. |
| 2.7 | 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. |
| 2.8 | 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. |
| 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. |
| 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. |
| 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. |
| 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. |
| 4 | Do you agree with the proposal not to require landlords to become involved in the operation of BIDs? |
| 4.1 | We acknowledge the arguments for not involving property owners, namely the concern |

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| | 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. |
| 4.2 | 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. |
| 5 | 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? |
| 5.1 | 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. |
| 5.2 | 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. |
| 6 | Is this a reasonable balance between areas to be covered by legislation and those which will be left to local discretion? |
| 6.1 | We accept the premise that BIDs should be business-led and, as such, no specific stipulations regarding content, partners or coverage can be enforced. |
| 6.2 | 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. |
| 6.3 | 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. |
| 7 | What degree of guidance and support would be welcome from the Department? |
| 7.1 | 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. |

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| 7.2 | 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. |
| 7.3 | 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. |