

## ***BUSINESS IMPROVEMENT DISTRICTS HEART OF LONDON PROPOSAL***

- A Business Improvement District is a partnership between the local authority and local business to provide additional services or improvements to a specified area. Although ostensibly voluntary, it builds on the existing network of agreements by introducing an element of compulsion. If a majority of local businesses vote in support of the proposals, then all affected businesses will be obliged to contribute to the project.
- The adoption of a BID was made possible by the 2003 Local Government Act but no proposals could be put to a vote until the implementing Regulations were approved in September 2004. These two pieces of legislation set out the legal framework for the BID but a key facet of the legislation is that the operational details are determined by the parties to the agreement themselves.
- The legislation is new and somewhat untested, and the Heart of London BID is one of the front runners in establishing this new type of partnership. It is the first formal BID adopted in London and only the second such project to be implemented in the England.

### ***The Voting Process***

- Before a BID proposal can be put to a vote, the parties proposing the scheme must be able to demonstrate that at least 20% of ratepayers in the area feel that there is sufficient merit to warrant the proposals being put to a formal vote. Given that the BID has developed out of the Piccadilly Circus Partnership this test was easily met by the BID proposers.
- Once this test is met, the voting process is handled by the local authority and is subject to their internal procedures for scrutinising ballots and ensuring that they are handled fairly.
- Those entitled to vote are the businesses who pay businesses rates and will be liable to pay the BID levy. Companies with more than 1 hereditament for the same premises will have more than one vote. Similarly, those businesses which are not eligible to pay the levy eg property owners or those falling below a given threshold, will not be able to vote.
- The Heart of London BID decided that those liable for the levy would be businesses with a non-domestic rateable value of more than £50,000. This and other factors meant that whilst there are around 500 businesses within the BID zone, only 201 were eligible to vote on the proposals.
- There are two tests which must be met before a 'yes' vote can be declared: a simple majority of businesses eligible to vote must vote in favour; and those voting in favour must represent a majority by rateable value of rateable properties of those voting. Both tests were met in respect of the Heart of London BID with 123 business voting and 71% of businesses voting in favour, representing 73% of rateable value.
- The Secretary of State has the power to declare the ballot void but only if there are material irregularities which would significantly affect the outcome eg ineligible people were voting or eligible voters were prevented from voting. Any complaint must be made within 28 days of the result being declared and must be made by 5% of the persons entitled to vote.
- In the case of the Heart of London BID, both the Council and Government have endorsed the result and there appear to be no material irregularities in the voting process. A list of businesses eligible to vote is attached.

### ***The BID Levy***

- The amount, method of calculating and format of the levy are not fixed by legislation but are open to the parties to agree amongst themselves. The following details only apply to the Heart of London BID and are not a reflection of the likely arrangements for other central London BIDs.
- The levy will be set at 1% of rateable value as at 1 April 2004 (ie the 2000 rating list) for existing businesses, with the new rateable values being applied only to new businesses after 1 April 2005. It will be subject to an annual inflationary increase of 3% ie 1.03% and 1.06% in subsequent years.
- The BID levy will be a daily charge and the formula for calculating the liability of individual businesses is as follows:  
*Rateable value x 1% multiplier x number of days in charging period.*
- A right of appeal against the nature of the levy must be written into the BID proposals as the rates system will not provide for this automatically. I can find no reference to a specific appeals mechanism, but the operating rules for the BID do state that if a rate payer notifies them of a change which would affect liability then they would amend the demand notice sent. Such a change would include, for example, a successful appeal against rateable value, but the benefits of this may be limited since existing businesses will already have determined outstanding appeals from the 2000 list.

### ***Enforcement***

- It is the Council which will calculate the BID levy per payer, issue demand notices and collect payment. They will also be responsible for enforcing payment. The operating rules for the BID and the BID proposals provide little real information on how this will be achieved, however.
- The Demand Notices for the initial chargeable period (probably February 14<sup>th</sup> to 31 March 2005) will be sent out shortly after the ballot and will include a single instalment due date. If payment is not made by this date, the Council will serve a reminder notice and a liability order before taking further steps to enforce payment (unspecified).
- The BID company will be responsible for ensuring that the Council is diligent in this process. It will request a list of payers and non-payers from time to time and, if the Council fails to take steps to enforce payment, then the BID company may take action against the Council. Again, no details on this are provided.

### ***Amendment, Renewal or Termination***

- The BID is due to run until March 2007 at which point the proposals will be formally revised and put to a further vote to see whether businesses in the area support the initiative. The short time frame selected for the initial scheme to run is deliberately designed to allow an endorsement without the need for a formal revision mid term.
- Alternatively, the BID arrangements can be amended or changed, but this would need to be endorsed by a formal ballot of affected businesses and in reality would only be likely to come from the BID company itself eg to change the services provided.
- The BID Company and local authority may also decide to terminate the agreement where it is determined that the services are no longer required.