



Factsheet: Property Owner BIDs (Clause 37 and Schedule 5)

What are property owner Business Improvement Districts (BIDs)?

A BID is a self-defined area in which a levy is imposed on businesses to fund projects that improve the local trading environment. The levy cannot be introduced until a vote of all those who are liable to pay it has taken place. The BID can exist for a maximum of five years, after which it must go to re-ballot on fresh proposals if it is to continue. There are two types of levy that can be imposed in a BID; the property owner levy is imposed on those with an interest in the property, whereas an occupier levy is funded by the non-domestic ratepayer. It is only possible to set up a property owner levy in London at the moment, due to existing legislation.

What is the policy hoping to achieve and where are we now?

The Government is committed to supporting BIDs and these measures seek to provide parity across England by allowing property owners nationally to introduce a property owner levy. The Government is not trying to change the BIDs framework, which has been well established since 2004. These changes are intended to let a broader cross-section of the business community have a formal role in BIDs. The decision to introduce a property owner levy is taken by local property owners through a ballot process, and the proceeds from the resulting levy are used to fund projects that local property owners have agreed will benefit their area.

Why is legislation needed?

Currently a property owner levy can only be established in London, as existing legislation restricts the ability to do so to areas where a Business Rate Supplement is in force, which is currently only in relation to Crossrail in London. In order for property owners in all areas of England to be able to set up a BID, we need to amend the Primary legislation.

Why are the delegated powers required?

The delegated powers are all transferred from the existing legislation, namely the Local Government Act 2003 and the Business Rate Supplements Act 2009. They provide the powers needed to create the secondary legislation that sets out the detail on how the property owner BIDs model will work. We have not sought to augment these powers, simply to re-create them to allow us to establish the secondary legislation again.

How do we see this working in practice?

The measures in the Bill will allow property owners across England to set up a property owner BID that operates in the same way as the existing ones in London. It is hoped that they will complement the work of their counterpart ratepayer BIDs, but focus on longer term projects such as improvements to the public realm or helping to frame longer term strategies for local areas.

How can I find out more?

The Regulations that will underpin these new property owner BID arrangements will replicate the existing Regulations, which were published in 2014 and can be found on the Government's website: <http://www.legislation.gov.uk/uksi/2014/3204/contents/made>.

Further information on BIDs can be found on the Government's website: <https://www.gov.uk/guidance/business-improvement-districts>.



Key questions & answers:

How do property owner BIDs differ from ratepayer BIDs?

- The Bill follows closely the existing legislation for ratepayer BIDs and will give property owners a formal mechanism to make use of the BID model.
- The crucial difference is that, unlike ratepayers, property owners are not identified on the non-domestic rates rating list, and so this will require the group proposing to introduce the property owner levy - which may be the existing BID company, a group of local property owners or the local authority - to separately identify the property owners in the area.

Why do we need to expand property owner BIDs beyond London?

- We want property owners across the country to have the opportunity to take advantage of the benefits a BID can offer them.
- The existing powers were limited under the Business Rate Supplements Act 2009, which required a Business Rate Supplement to be levied in an area in order to be allowed to establish a property owner BID.

Is there a limit on how much levy can be charged?

- The Bill allows the BID proposer to decide how to calculate the levy. This is typically set at approximately 2% of rateable value.
- The Government does not set a limit on the amount of levy that can be charged, because we want to provide flexibility for each property owner BID to meet the needs of the local business community.
- In order for a property owner BID levy to be introduced, all property owners in the area that will be liable for the levy are balloted – so if the proposers are suggesting a levy that is deemed to be too high, businesses will not vote to establish the BID.

Why does a property owner BID need to be in the same area as a ratepayer BID?

- Because this is what the current legislation dictates. We will certainly monitor progress and listen to the BID community to see whether this approach should change.
- There is nothing to say that both BIDs must do exactly the same work – they may well have different interests and requirements. However, we would expect them to work together and complement each other.

What happens if property owners cannot be identified?

- The identification of property owners is the responsibility of the proposer, and it is for them to consider how to do this when putting their proposal together.
- The list of property owners who will pay the levy – and therefore can vote on the proposals - must be sent to the ballot holder by the proposer. The billing authority has some power to veto proposals, including if the BID proposer has failed to produce this list.

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