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## 2.2 Business Improvement Districts (BIDs)

### 2.2.1 What is a Business Improvement District?

A Business Improvement District enables groups of businesses to commission projects which will lead to improvements in their local trading environment, funded through a local increase in business rates. The funding cannot be used to support or pay for services already provided by the public sector, and is ring fenced locally and 100% used to commission and deliver the project or services demanded by local companies.

It is an arrangement under which local businesses plan how to improve their own business and trading environment. Businesses identify projects or services that will add value and agree on the level of funds which they will pay to make it happen. The duration of the deal is not more than five years.

### 2.2.2 About BIDs

**Is it a just another Tax?** No, the money does not go to the Central Government or the Local Council. Funds are ONLY for the project(s) agreed and voted for, and controlled by, the participating businesses.

**What sort of services will the BID levy cover?** Anything the businesses choose - it can be from improved transport links, creating a safer environment to marketing and promotion to attracting further investment.

**Why should businesses get involved?** It enables them to have control over projects which directly affect the performance of their business. Those businesses who pay the BID levy have a voice and a vote.

**If businesses already pay rates, why should they pay again?**

The BID levy is a specific levy for projects identified and controlled by the businesses. It can only provide ADDITIONAL improvements and benefits to services already provided by local authorities. It cannot SUBSIDISE or SUBSTITUTE the existing provision by public agencies.

**Do the funds go to the local authority in any way?** No, the money is collected by the local authority and is transferred to the BID organisation to spend ONLY for projects identified by the BID. In addition, the BID will also seek Baseline Agreements from the local authority and other public agencies such as the Police to ensure that businesses are getting value for money on existing services provided by them within the BID area.

**Is it the Tenants or the Property Owners that Pay?** With the UK legislation it is whoever is liable for the business rates within the defined geographical area of the BID.

**What about businesses who vote against the BID Project and Plans?** The legislation requires that 51% of businesses who vote must be in favour in numbers and in terms of rateable value, of the BID project and plans. If this is the case then the levy is mandatory on all in the BID area.

**For more information on BIDS visit [www.ukbids.org](http://www.ukbids.org)**