

Guidance

Business Improvement Districts

Information and guidance on Business Improvement Districts.

From: **Ministry of Housing, Communities and Local Government**
(/government/organisations/ministry-of-housing-communities-local-government)
and **Department for Levelling Up, Housing and Communities**
(/government/organisations/departments-for-levelling-up-housing-and-communities)

Published 8 November 2014

Applies to England

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1. Overview

Business Improvement Districts are business led partnerships which are created through a ballot process to deliver additional services to local

businesses.

They can be a powerful tool for directly involving local businesses in local activities and allow the business community and local authorities to work together to improve the local trading environment.

2. What is a Business Improvement District?

A Business Improvement District is a defined area in which a levy is charged on all eligible business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.

There is no limit on what projects or services can be provided through a Business Improvement District. The only requirement is that it should be something that is in addition to services provided by local authorities. Improvements may include, but are not limited to, extra safety/security, cleansing and environmental measures.

Typically, a Business Improvement District is within a local authority boundary but in April 2013 government introduced Cross Boundary Business Improvement Districts enabling Business Improvement Districts to operate across local authority boundaries.

3. How is a Business Improvement District established?

A Business Improvement District can be set up by the local authority, a business rate payer or a person or company whose purpose is to develop the Business Improvement District area, or that has an interest in the land in the area.

The Business Improvement District proposer

The Business Improvement District proposer is required to develop a proposal and submit this to the local authority, along with a business plan.

The proposal should set out the services to be provided and the size and scope of the Business Improvement District. It will also set out who is liable for the levy, the amount of levy to be collected and how it is calculated.

At least 84 days before submitting proposals, the ballot proposer should notify the local authority and the Secretary of State of their intention to put the BID proposal to ballot.

At least 42 days before the final ballot date, the ballot holder should publish a notice stating the date of the ballot, and send a copy of this to the Secretary of State.

These notices should be sent to the Secretary of State at NDR@communities.gov.uk or via post to:

The Secretary of State
c/o Local Taxation Division
Ministry of Housing, Communities and Local Government
2nd Floor, Fry Building
2 Marsham Street
London, SW1P 4DF

The ballot

Businesses that are subject to the levy, as set out in the proposals, vote in a ballot. This determines whether the scheme goes ahead.

A successful vote is one that has a simple majority both in votes cast and in rateable value of votes cast. Each business entitled to vote in a Business Improvement District ballot is allowed one vote in respect of each property occupied or (if unoccupied) owned by them in the geographical area of the Business Improvement District.

Once the Business Improvement District is in operation the levy is charged on all businesses within the Business Improvement District area (regardless of whether or how that business voted in the ballot).

See further [guidance on how to establish a Business Improvement District \(https://www.gov.uk/government/publications/business-improvement-districts-guidance-and-best-practice\)](https://www.gov.uk/government/publications/business-improvement-districts-guidance-and-best-practice).

The local authority

The local authority will manage the ballot process. However, if the local authority is of the opinion that the Business Improvement District arrangements are likely to conflict to a significant extent with an existing policy, place a financial burden on rate payers or the burden from the levy is unjust, it can decide to veto the proposals.

The local authority can only veto proposals within 14 days from the date of the ballot.

If it appears that a significant breach of the rules has occurred during the ballot process a [request to declare the ballot void \(https://www.legislation.gov.uk/uksi/2004/2443/regulation/9/made\)](https://www.legislation.gov.uk/uksi/2004/2443/regulation/9/made) may be

submitted to the Secretary of State for Levelling Up, Housing and Communities within 28 days of the result of the ballot being published.

Find further [guidance on the local authority's role within the establishment of a Business Improvement District](https://www.gov.uk/government/publications/business-improvement-districts-technical-guide-for-local-authorities) (<https://www.gov.uk/government/publications/business-improvement-districts-technical-guide-for-local-authorities>).

4. Who pays the levy?

The Business Improvement District proposal must set out who is liable for the levy, the amount of levy to be collected and how it is calculated.

The proposal should also provide details of any [relief from the Business Improvement District levy](https://www.gov.uk/apply-for-business-rate-relief) (<https://www.gov.uk/apply-for-business-rate-relief>) that may apply and who is eligible. The amount and type of relief is dependent on local circumstances but could typically include charity relief.

Usually Business Improvement Districts charge a levy rate of between 1% and 4% of rateable value.

However, this is dependent on local circumstances and there is also an increasing number of Business Improvement Districts that charge using a banded system. (Businesses are grouped together according to their rateable value. The levy charged will be a percentage of this rateable value.)

5. How long will a Business Improvement District last?

The maximum period that a Business Improvement District levy can be charged is for 5 years.

Once the term is completed the Business Improvement District will automatically cease. If the Business Improvement District Company wants to continue its activities it must hold a new ballot.

6. Who manages the Business Improvement District?

A Business Improvement District is managed by a Business Improvement District body. This is often a private company but can be a partnership with the local authority. Most Business Improvement District bodies are not-for-profit companies.

The Business Improvement District body is responsible for developing and implementing the proposal which sets out how the Business Improvement

District will operate.

They will provide the local authority with this proposal along with the business plan (including the estimated cash flow and predicted revenue to be generated by the Business Improvement District) along with the financial management arrangements for the Business Improvement District body.

The local authority will manage billing and the collection of the levy and will hold the levy in a ring-fenced revenue account on behalf of the Business Improvement District body.

7. Appeals

Legislation allows for appeals to be made against the establishment of a Business Improvement District. The Secretary of State for Levelling Up, Housing and Communities can only consider an appeal if it appears that material irregularities have occurred during the ballot process.

The Secretary of State cannot consider questions surrounding the nature or merit of the Business Improvement District or Business Improvement District policy.

Material irregularity

This is defined in [regulations](http://www.legislation.gov.uk/ukxi/2004/2443/regulation/9/made) (<http://www.legislation.gov.uk/ukxi/2004/2443/regulation/9/made>) as:

- (a) a contravention of any requirement in the regulations which, in the Secretary of State's opinion, means that it is likely that voting in the ballot or renewal ballot has been affected to a significant extent
- (b) persons other than those that are entitled to vote have voted in the ballot or renewal ballot and, in the Secretary of State's opinion, it is likely that the result has been affected to a significant extent
- (c) persons entitled to vote have been prevented from voting or hindered from voting freely in accordance with their own opinion and, in the Secretary of State's opinion, it is likely that this has affected the result of the ballot or renewal ballot to a significant extent

Valid appeals

A request must be made in writing to the Secretary of State within 28 days of the result of the ballot being published and can only be made by the Business Improvement District proposer, the Business Improvement District

Company, at least 5% of the number of persons entitled to vote in the Business Improvement District ballot or the relevant local authority.

The Secretary of State must ensure the request is valid. Evidence should be submitted that a material irregularity, within the definition set out above, occurred in the ballot process.

If the request is made by 5% of those entitled to vote, the evidence should include a list of names of all the persons submitting the request along with the addresses of their businesses and supporting signatures. Without this evidence the Secretary of State will be unable to consider the request.

The process

On receipt of a valid appeal, the Secretary of State will notify the person that submitted the appeal and (if different), the relevant local authority and the Business Improvement District body, in writing that he has received a request and send a copy of this to each of them.

Each party will be given 28 days to provide a written response. These will be copied to the other parties involved and a further 14 days will be given.

Once all responses have been received they will be considered, and the Secretary of State will write to all parties with his decision. If he considers a material irregularity has occurred, he may declare the ballot void and the relevant local authority will be required to arrange a re-ballot.

The result of the ballot will be valid unless and until the Secretary of State declares the ballot void. This means that if the commencement date of the Business Improvement District arrangements (which must be set out in the proposals) occurs before the appeal has been determined; the levy may be collected and held by the local authority.

It is for the local authority to decide whether they will pass the levy to the Business Improvement District body or hold it in the revenue account in these circumstances.

Appeals should be sent to the Secretary of State at NDR@communities.gov.uk or via post to:

The Secretary of State
c/o Local Taxation Division
Ministry of Housing, Communities and Local Government
2nd Floor, Fry Building
2 Marsham Street
London, SW1P 4DF

8. What if I am unhappy with a Business Improvement District?

The Secretary of State has no formal supervisory role. The development and operational arrangements of a Business Improvement District are therefore a matter for the relevant local authority or Business Improvement District proposer.

Any complaint about the activities of the Business Improvement District proposer/company or the local authority should be taken up with them first.

If necessary, a complaint against the local authority can be pursued by contacting the [Local Government and Social Care Ombudsman](https://www.lgo.org.uk/contact-us) (<https://www.lgo.org.uk/contact-us>).

9. Enquiries or general information about Business Improvement Districts

You can contact us [via our webform](https://www.gov.uk/guidance/contact-the-ministry-of-housing-communities-and-local-government) (<https://www.gov.uk/guidance/contact-the-ministry-of-housing-communities-and-local-government>).

Alternatively, you can write to:

Ministry of Housing, Communities and Local Government
1st Floor, Fry Building
2 Marsham Street
London, SW1P 4DF

General enquiries: if you are a member of the public, you can call 030 3444 0000.

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