



Part 9 Planning etc (Scotland) Bill: Business Improvement Districts

Submission from the Federation of Small Businesses in Scotland

Introduction

The Federation of Small Businesses is Scotland's largest direct member business organisation and campaigns for a social, economic and political environment in which small businesses can grow and prosper. The FSB represents over 18,000 members in Scotland, many of whom may be involved in the BID process in the future, and was one of the business organisations represented on the steering group that made recommendations to Ministers.

FSB Position on BIDs

The FSB is opposed to the concept of BIDs, largely because of concerns about the effect of increasing pressures on local authority budgets. It is also important to remember that small businesses already pay more in rates as a proportion of profit and turnover than their large competitors¹, and an extra levy would only exacerbate this difference.

We believe that many of the additional benefits (e.g. CCTV) proposed under BID schemes are, and have been, routinely funded from various other sources, such as local authorities and the Scottish Executive, as they do not only benefit the business community, rather they make a contribution to the improvement of the area for the benefit of the wider community.

Further, we are worried that over time and given constraints on council budgets, local authorities may come to rely upon BIDs to deliver services such as street cleaning and so on, which should be funded out of existing and not additional revenues.

It is clearly desirable to encourage local authorities to work with the business community to both promote and improve their local area. Indeed, many businesses already take the lead in choosing to make a voluntary contribution (whether financial or other) to additional services or spending in their area and this often involves some form of partnership with the local authority. However the FSB maintains that these projects should be business, and not council, led and we are not convinced that legislation which will often end up being council-initiated (and managed) is really the way to bring about a more productive relationship between local authorities and businesses.

However, if legislation is passed which sets up the framework to allow BIDs to be created, this must ensure that BIDs only go ahead when there is genuine and widespread support from the local business community. The worst case scenario for small businesses is that they end up paying a levy additional to

¹ Evaluation of the Impact and Effectiveness of the Small Business Rates Relief Scheme. Final Report to the Scottish Executive Finance & Central Services Department, DTZ Pbeda, 2005

their business rates for local services or capital projects that they do not want and that do not benefit their business.

We believe the Bill as introduced goes some way to ensure that BIDs only proceed when there is real support for their aims due to three key aspects of the legislation:

1. The need for 5 per cent of local businesses to demonstrate support before a BID ballot can take place.
2. 25 per cent of all businesses eligible to vote must do so for the ballot to be valid, and those businesses must represent 25 per cent of the aggregate rateable value of those eligible to vote.
3. The requirement for a dual mandate, i.e. a simple majority of those voting must be in favour of the BID, and those businesses must represent 50 per cent of the aggregate rateable value of those eligible to vote.

These measures will ensure that anyone proposing a BID must work hard to engage the business community and make them aware of the ballot and the BID proposal in order to meet the required minimum turnout. It should also ensure that local authorities, Local Enterprise Companies or Town Centre Management Partnerships cannot push through a BID without working constructively with the local business community and putting together a proposal which local businesses understand and support.

In terms of the workings of BIDs in England, it appears that the 'jury is still out', but the FSB understands that the ODPM is evaluating the impact of some of the first BIDs and the Committee may want to consider this evidence in its deliberations.

If you would like further details on any of the points raised in this submission, please contact Niall Stuart, Head of Press and Parliamentary Affairs, FSB in Scotland, at scotland.policy@fsb.org.uk