Briefing for the Citizen Participation and Public Petitions Committee on PE2179 strengthen veto powers when assessing Business Improvement District proposals

Background

A Business Improvement District (BID) is a formal partnership of businesses (and other organisations) which works together to improve a defined area, often a town centre or a shopping area within a city (for example Shawlands or the West End in Glasgow). BID activities can include working to improve the physical appearance of an area or increase footfall and spend.

There are over 30 BIDs operating across Scotland.

The main legislation governing the creation, funding and operation of BIDs is the Planning etc. (Scotland) Act 2006 and the subsequent Business Improvement Districts (Scotland) Regulations 2007

Establishing a BID

A recent House of Commons Library briefing sets out the process required before a BID can be established:

> "The procedure for establishing BIDs is almost identical in the different parts of the UK. A 'proposer' must develop a proposal describing the additional services that will be provided under the BID. The proposal must also set out the proposed levy upon ratepayers, including which ratepayers will be exempt. The proposal must also specify the length of time that the BID will last. The vast majority [of BIDS] are established for the maximum five-year period."

A vote needs to take place before a BID is formerly established. All businesses and organisations located in the defined area are balloted. A majority of businesses, by both number and rateable value, are required to vote in favour of a BID before it can progress. There must be a minimum 25% turnout for the ballot to be legitimate in Scotland.

BID activities are funded by money raised through a levy paid by businesses and organisations located in the area. Once a BID has been established, almost all businesses located in the BID area must pay a levy regardless of whether or not they voted in favour of the BID's establishment. These are collected by local authorities alongside Non-Domestic Rates payments. The total sum collected is provided in its entirety to the BID.

The amount of levy paid is set by the BID and tends to be in bands linked to the rateable value of the property. The following is an example of the levies paid by businesses in the Fort William BID area:

Rateable Value	Annual Levy	Per Month	Per Week
£0 – £2,999	Voluntary	Voluntary	Voluntary
£3,000 – £8,399	£200.00	£16.67	£3.85
£8,400 – £13,399	£333.33	£27.78	£6.41
£13,400 – £39,999	£506.67	£42.22	£9.74
£40,000 – £65,999	£706.67	£58.89	£13.59
£66,000 – £99,999	£1,186.67	£98.89	£22.82
£100,000 – £179,999	£1,373.33	£114.44	£26.41
£180,000+	£3,066.67	£255.56	£58.97

Scotland's Improvement District (SIDs) estimated that the annual levy for the combined 36 BIDs in Scotland is around £6.4m (PQ response).

Majority by rateable value

The petitioner states: "For a BID ballot to be successful, the aggregate of rateable values (RVs) in respect of which votes in favour of the BID proposal have been cast must be higher than the aggregate of RVs in respect of which votes against have been cast". This is correct, but in addition, a BID must also be approved by a *numerical* majority. Scotland's Improvement Districts organisation states that a BID can only be approved if:

- there is a minimum turnout (the headcount) of 25% of individual persons by number and rateable value of those entitled to vote
- the majority vote in favour by number and rateable value of those entitled to vote.

According to the House of Commons Library: "This "dual-key" mechanism offers some protection against large firms forcing through a proposal against the wishes of small firms, or vice versa".

The Scotland's Improvement Districts website publishes all BID ballot results since 2008.

Local authority veto powers

The petitioner is calling on the Parliament to urge the Scottish Government to require local authorities to veto proposals for Business Improvement Districts (BIDs) “if the levy due to be paid by businesses is not proportional with the rateable value of properties”.

Local authorities already have veto powers as set out in section 42 of the 2006 Act. They can veto BID proposals if they consider that the BID proposals are likely:

a) to conflict with any structure plan, local plan, strategic development plan or local development plan which has been approved or adopted under the principal Act and which applies to the proposed business improvement district or any part of it,
b) to conflict to a material extent with any policy formally adopted by and contained in a document published by the authority (whether or not the authority are under a statutory duty to prepare such a document), or
c) to lead to a significantly disproportionate financial burden being imposed on—
    (i) any person entitled to vote in the ballot on the proposals, or
    (ii) any class of such persons, as compared to other such persons or classes.

The 2007 regulations include factors for local authorities to take into account when considering whether or not to veto a BID proposal. These include:

- in relation to section 42(4)(c) of the 2006 Act, the structure of the proposed BID levy and how the financial burden of the business improvement district is to be distributed amongst ratepayers and the other eligible persons in the geographical area of the business improvement district;

And

- in relation to section 42(4)(c) of the 2006 Act, how the financial burden of the business improvement district may have been disproportionately distributed among ratepayers and the other eligible persons as a result of the selection of the geographic area or areas of the business improvement district.

In late 2023, SPICe asked Scotland’s Towns Partnership if any local authority had ever vetoed a BID proposal and they weren’t aware of any instances.

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26 September 2025

The purpose of this briefing is to provide a brief overview of issues raised by the petition. SPICe research specialists are not able to discuss the content of petition briefings with petitioners or other members of the public. However, if you have any comments on any petition briefing you can email us at spice@parliament.scot

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