

PE2184/A: Provide BID levy relief to charities and non-profit organisations

Scottish Government written submission, 7 November 2025

Does the Scottish Government consider the specific ask[s] of the petition to be practical or achievable? If not, please explain why.

The first ask (that legislation is amended so that charities and non-profit organisations are exempt from the BID levy, or receive levy relief) would not be achievable in the medium term as it would require amendments to existing legislation – further advice would be required from Scottish Government Legal Department (SGLD) on the proposed changes in the event they were to be considered. Without legal advice it is not clear how quickly changes could be made to existing legislation/regulations.

There are no current plans to review or amend existing BID legislation during this parliamentary term. The potential cost and resource implications of this work have not been considered or factored into existing work programmes or budgets.

It should also be noted that current BID legislation — *Part 9 of the Planning etc. (Scotland) Act 2006* and the *Business Improvement Districts (Scotland) Regulations 2007 (SSI 2007/202)* — already provides a clear framework for how levy arrangements, including any exemptions or reliefs, are determined. These decisions sit at local BID level. Each BID proposal and business plan (which must be approved by ballot) sets out:

- which properties are liable for the levy,
- how the levy is calculated (banding, percentage, flat rate etc.), and
- any exemptions, discounts, or reliefs that apply — including for charities or non-profits if the local BID chooses.

Once that proposal is approved by eligible ratepayers through a democratic ballot, it becomes binding for the duration of the BID term. Changing those arrangements mid-term would normally require a formal alteration process under Regulation 18, so implementing national blanket reliefs would not be straightforward.

The first part of the request also attempts to link BID levies and non-domestic rates, however the two are different from one another. Rates relief for charities is a national tax policy tool, whereas the BID levy is a collective investment mechanism agreed by local businesses to fund improvements in their trading environment.

The second part of the request (to conduct a survey to understand the impact of the BID levy) is a practical and achievable request that could be considered in line with Scotland's Improvement Districts (SIDs) programme of work. An annual BIDs survey is undertaken by SIDs, and for next years National BID Survey, this could incorporate questions on the impact of BIDs (including the BID levy) on businesses,

including charities and non-profit organisations. These surveys are used by SIDs to inform updated guidance and good practice recommendations.

SIDs are also working to establish a National Strategic Group to shape BID policy, improve operational effectiveness, and explore areas for potential regulatory improvement.

What, if any, action the Scottish Government is currently taking to address the issues raised by this petition and is any further action being considered that will achieve the ask[s] of this petition?

No specific action is currently being considered in relation to amending existing BIDs legislation. There is already a clear framework in place for how levy arrangements, including exemptions or reliefs, are determined.

As previously noted, SIDs undertake an annual BID survey to gather information on BIDs – this is used to increase awareness of arising issues/concerns, and to inform updated guidance and good practice recommendations. The next survey is scheduled to take place in spring/summer 2026. This could potentially be used to gather information on the impact of the BID levy on various businesses, including charities and non-profit organisations.

Is there any further information the Scottish Government wish to bring to the Committee's attention, which would assist it in considering this petition?

Benefits of the BID Levy

All businesses within the BID area are likely to see benefits of paying the levy. We do not believe changing legislation to enforce a levy exemption for certain businesses, like charities and non-profit organisations, would be a fair approach. It may also have a significant impact on the BID levy income in areas where there may be a number of charities/non-profit organisations.

BID Levy Exemptions

BIDs are independent, business-led partnerships established through a democratic process. Current BIDs legislation (*Business Improvement Districts (Scotland) Regulations 2007*) already enables local discretion on exemption from the levy. This means BIDs can exempt certain properties or business sectors from the BID levy. Any exemption decisions must be set out in the BID proposal documents prior to ballot and should be decided upon following consultation with the local business community.

The management and governance of BIDs, including decisions on BID levy exemptions, are matters for the BID itself, and not a matter in which we believe legislative change is required.

As well as the ability to decide on exemptions, BIDs are also able to set a minimum rateable value threshold for businesses that will be required to pay the BID levy. If a minimum threshold is set prior to ballot, it means properties below the threshold are not required to pay the BID levy.

Democratic Process

The existence and operation of BIDs are decided via a democratic vote. The BID ballot process provides a robust threshold that BIDs must achieve if they are to be successful. A BID proposal in Scotland can only proceed if four conditions are met at ballot:

1. A minimum turnout of 25% of eligible persons (the headcount), regardless of whether they voted for or against the proposal.
2. A minimum turnout of 25% by aggregate rateable value (RV), regardless of whether they voted for or against the proposal.
3. A majority of those eligible persons who voted must vote in favour.
4. A majority by RV of those eligible persons who voted must vote in favour.

As such, all businesses, including charities and non-profit organisations, have the opportunity to have their say in the vote. There is no current evidence or information to suggest there is widespread concern from these organisations about being part of BIDs or in having to pay the BID levy.

We do not agree that introducing national, mandatory exemptions through legislative change is an appropriate approach to locally driven initiatives that are approved through a democratic voting process. It will create additional layers of bureaucracy, and would likely result in further calls for exemptions from any individuals or businesses who do not support BIDs or object to paying the BID levy. In the long term, this would have the potential to disrupt the BIDs model and the positive local impacts they deliver.

Scotland's improvement Districts (SIDs)

Scottish Government fund Scotland's Improvement Districts (SIDs) as the National Centre for Improvement Districts in Scotland to provide advice and governance support for BIDs in Scotland. This work is managed by Scotland's Towns Partnership (STP) as part of their annual grant award.

The work of SIDs ensures a robust set of processes and procedures are already in place for the way in which BIDs in Scotland operate.

As part of their ongoing work to support and monitor BIDs in Scotland, SIDs undertake ongoing analysis and seek to provide support which strengthens BIDs, their staff and Boards. The impact of levy rates on businesses, and particularly small and independent businesses, is a priority issue that SIDs is actively liaising on with existing and developing BIDs to ensure that they are aware of the impact/risks that higher levy rates can have, particularly on small, independent businesses who are facing increased costs/overheads.

As already noted, SIDs are also working to establish a National Strategic Group to shape BID policy, improve operational effectiveness, and explore areas for potential regulatory improvement.

Through their ongoing work with BIDs across Scotland, SIDs have a well-developed knowledge and understanding of the priority issues that BIDs would like to see addressed. To date, we are not aware that the specific issue of levy rate exemption

for charities or non-profit organisations has been raised as a widespread issue of concern. As already noted, the annual BIDs survey is one of the mechanisms they use to gather information and intelligence. Scottish Government engage regularly with SIDs to ensure we are aware of arising issues and successes.

Scotland's BIDs Network

There are currently 34 operational BIDs in Scotland, which support hundreds of businesses.

Examples of BIDs that have had a positive impact include those in Oban and Aberdeen. **BID4Oban** has been credited with enhancing the appearance of the town and forging new links with businesses, organisations and the local community. This transformation saw Oban receive the 'Scotland's Town of the Year' award in 2024, and led to Oban hosting prestigious events such as the Royal National Mod festival, and acting as a host port in the 'Clipper Round The World Yacht Race'. Local business owners have previously stated the BID is the "glue which binds the business community in Oban together, allowing us to do things collectively that may otherwise be out of our reach", and that it helps "channel support to pull in the same direction to achieve shared outcomes."¹

Aberdeen Inspired has played a central role in work to regenerate Aberdeen City Centre, and the BID recently won a prestigious UK award for leading a groundbreaking project to breathe new life into the upper floors of Union Street. The BID has also shown strong support for the third sector and charity projects/organisations, and has been heavily involved in initiatives like the Nuart street art festival and the Umbrella project (celebrating neurodiversity), highlighting the benefit that BIDs can deliver for charities, non-profit organisations, etc.

There are also a number of BIDs being developed, further indicating the effectiveness of the current BID model and a desire to replicate the success of existing BIDs. We believe that the wide range of good practice across Scotland's BIDs network, and the desire of others in Glasgow and Dundee to join the Scottish network, indicates that there is no need for the requested change to existing legislation, especially when mechanisms already exist for exemptions to be applied.

Regeneration, Architecture & Place Division

¹ ([Love Oban: BID helps to drive business and pride - Scotland's Improvement Districts](#))