

Briefing for the Citizen Participation and Public Petitions Committee on PE2184: provide BID levy relief to charities and non-profit organisations

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 may include working to improve the physical appearance of an area and trying to 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](#) and [The Planning etc. \(Scotland\) Act 2006 \(Business Improvement Districts Levy\) Order 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 formally established. All businesses and organisations located in the defined area are balloted. A majority of votes, by both number and rateable value, are required in favour of a BID before it can progress.

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. Levies are collected by local authorities alongside Non-Domestic Rates payments. The sums collected are then provided to the BID.

The amount of levy paid by occupiers is set by the BID and tends to be in bands linked to the rateable value of properties.

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

Issues raised by the petitioner

The two main asks of the petitioner are:

1. Change legislation so that charities and non-profits that qualify for mandatory or discretionary rates relief under Section 4(2)(a) of the Local Government (Financial Provisions etc.) (Scotland) Act 1962 are also exempt from paying the BID levy.

And

2. For the Government to conduct a survey of businesses affected by BIDs, in order to assess the impact of the levy more widely.

What organisations qualify as charities and what NDR relief are they entitled to?

In Scotland, for an organisation to be considered a charity it must be registered with OSCR and meet the 'charity test'. The 'charity test' is set out in as set out in the [Charities and Trustee Investment \(Scotland\) Act 2005](#). It states that an organisation needs to be exclusively charitable and it must provide public benefit. The organisation also cannot distribute or apply any of its property for a non-charitable purpose, not be controlled by Scottish Ministers or Ministers of the Crown, and not be political.

Currently, many properties occupied by charities qualify for [Non-Domestic Rates relief](#). Registered charities can apply for 80% rates relief and councils can also offer up to 20% additional relief on top of the 80%.

What does the BIDs legislation say about charities?

There is nothing in the primary or secondary legislation about exempting charities or other non-profit organisations from paying BID levies.

The recent [House of Commons Library briefing](#) acknowledges that many charities may be exempt from paying Non-Domestic Rates, but:

“BID levy schedules are not required to follow patterns of discounts for rate reliefs that are set at national levels. Thus it is possible for a charity or a small business, for instance, to have to pay a BID levy,

even if they are in receipt of 100% relief from the local authority in respect of business rates payments.”

The levy amounts to be paid in each BID area should be included in BID proposals, with [The Planning etc. \(Scotland\) Act 2006 \(Business Improvement Districts Levy\) Order 2007](#) stating that:

BID levy provided for in BID proposals may be different for different classes of– (a) eligible ratepayer, or eligible ratepayer and eligible other person (as the case may be); (b) geographical area within the business improvement district; or (c) relevant property within the business improvement district, or any combination of these different classes.

There appears to be scope for BID proposals to make certain exemptions should this be deemed appropriate. This can be seen in a number of BID proposals across Scotland. For example, the [My Shawlands BID business plan for 2022-27](#) exempts non-retail charity premises from paying the levy. Likewise, [Aberdeen Inspired BID](#) exempts non-retail charities and places of worship. Non-retail charities, community groups and places of worship are also exempt [in Milngavie](#).

The [Paisley First Business Plan](#) states:

“The BID Board decided that there is no benefit from being part of the BID to the following categories of property and therefore are exempt from paying the levy: - places of worship, non-income generating charitable organisations, Sma’ Shot Cottages, Mill Street Police Station, Gilmour Street Train Station, voluntary clubs, advertising stations, ATMs, store rooms attached to BID properties and properties with rateable values of under £1,000.”

The call for a survey of businesses affected by BIDs

The petitioner is also calling for the Scottish Government to conduct a survey of businesses affected by BIDs in order to assess the impact of the levy. SPICe has been unable to locate any national surveys on the impact of BIDs on businesses and other organisations paying levies. Scotland’s Improvement Districts, the national centre for BIDs, confirmed to SPICe that no national evaluations of BIDs are currently planned. However, they also said that a strategic group is being established to review the BID Regulations, which are now almost 20 years old.

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3 November 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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