

LOCAL GOVERNMENT ACT 2003

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 4: Business Improvement Districts

Introduction

82. The White Paper *Strong Local Leadership - Quality Public Services* (December 2001) gave details of Business Improvement Districts (BIDs) involving local authorities and their local businesses. Under a BID, additional services or improvements of benefit to the local community will be funded by a levy, raised from non-domestic ratepayers. However, for a BID to be established a majority of those who would be liable to pay the levy must first vote in favour. This Part of the Act contains the provisions underlying the BIDs policy.

Section 41: Arrangements with respect to business improvement districts

83. **Section 41** enables a billing authority, that is a local authority which collects non-domestic rates, to make arrangements for a BID in its area, specifying the projects to be carried out under the BID, funded from a levy on specified ratepayers.

Section 42: Joint arrangements

84. **Section 42** confers on the Secretary of State or National Assembly for Wales the power to prescribe rules governing BIDs which cross billing authority boundaries, allowing authorities to have joint BIDs.

Section 43: Additional contributions and action

85. **Section 43** (read with section 58) allows the billing authority, and the county councils and parish councils (in England) or the community councils (in Wales), among others to contribute to BID funds.

Section 45: The BID levy

86. **Section 45** provides that a BID levy can only be raised while BID arrangements are in force, and provides that the levy is to be calculated in accordance with the arrangements. The BID levy is not limited to being calculated on the basis of rateable value. This section also allows a BID levy to be different for different cases, which means relief(s) could be provided from the BID levy. (These reliefs would not necessarily be of the same nature or level as reliefs already given in respect of rates for empty properties etc).

Section 46: Liability for BID levy

87. **Section 46** provides that BID arrangements must specify who is liable for the BID levy, and that a person's liability is to be determined in accordance with the arrangements.

Section 47: BID Revenue Account

88. Section 47 provides that a billing authority which has made BID arrangements must keep a separate account for the BID levy revenue, i.e. the revenue is ring-fenced and may only be used for BID purposes.

Section 48: Administration of BID levy etc

89. Section 48 provides that the Secretary of State or National Assembly for Wales may make regulations governing the imposition, administration, collection, recovery and application of BID levy.

Section 49: BID proposals

90. Section 49 provides that BID arrangements are not to come into force unless proposals for them are approved by a ballot of the ratepayers who are to be liable for the BID levy, and empowers the Secretary of State or the National Assembly for Wales to make regulations governing the drawing up of BID proposals and the content of the proposals.

Section 50: Approval in ballot

91. Section 50 provides for the requirements which must be satisfied in a ballot to secure the approval of a BID. There will be a two-part vote. A majority of those voting must vote in favour, and the total rateable value of the properties of those voting for must be more than that of those voting against.

Section 51: Power of veto

92. Section 51 provides that the circumstances in which the billing authority may veto a BID proposal which has been approved in a ballot may be prescribed by the Secretary of State or National Assembly for Wales. The Secretary of State or Assembly may also prescribe the matters which the billing authority must consider before it may veto a BID proposal.

Section 52: Appeal against veto

93. Section 52 provides for an appeal to the Secretary of State or National Assembly for Wales against a billing authority's veto of a BID proposal which has been approved in a ballot.

Section 53: Commencement of BID arrangements

94. Section 53 provides that when proposals for a BID have been approved in a ballot, the billing authority must draw up arrangements reflecting those proposals. It also provides that those arrangements will come into force on the day provided for in the proposals, except where the Secretary of State or National Assembly for Wales has allowed an appeal against a billing authority's veto, in which case the arrangements will take effect on such day as the Secretary of State or Assembly determines (which shall not be a day earlier than the one in the proposals).

Section 54: Duration of BID arrangements etc

95. Section 54 provides that BID arrangements can have effect at most for five years, unless their renewal is approved by a ballot of the ratepayers liable for the levy. It also empowers the Secretary of State or National Assembly for Wales to make regulations governing the alteration and termination of BID arrangements.

Section 55: Regulations about ballots

96. Section 55 empowers the Secretary of State or National Assembly for Wales to make regulations governing ballots on BIDs, such as the time which must pass between a

*These notes refer to the Local Government Act 2003 (c.26)
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BID proposal being made and the ballot being held and for the recovery of the costs of a ballot from persons.

Section 56: Power to make further provision

97. [Section 56](#) empowers the Secretary of State or National Assembly for Wales to make supplementary, incidental or consequential amendments in relation to BIDs.

Section 57: Crown application

98. [Section 57](#) provides that this Part of the Act applies to the Crown.

Section 58: Wales

99. [Section 58](#) provides that the role of the Secretary of State in relation to BIDs will in Wales be exercised by the National Assembly for Wales.

Section 59: Interpretation

100. [Section 59](#) provides definitions of terms used in this Part of the Act, including ‘non-domestic ratepayer’, which is defined as someone liable to pay rates on a property shown in a local rating list for an area.