PE2179/D: Strengthen veto powers when assessing Business Improvement District proposals

Petitioner written submission, 21 November 2025

Salient Points

1. Systemic Pattern of Disproportionate Levy Structures

My analysis—supported by SPICe data—shows that **BID levy schemes routinely impose a disproportionately high financial burden on the smallest properties**, while **large properties pay extremely small percentages of their Rateable Value (RV)**.

Examples from Fort William BID (cited by SPICe):

- Smallest 116 properties (RV £3,000–£8,399) pay **6.66%–2.38% of RV**.
- Largest 10 properties pay **0.279%–1.65% of RV**.
- A property valued at **£1,100,000 pays only 0.279% of its RV.**

This clearly demonstrates a **normalised practice** of loading the levy onto small businesses.

2. Evidence from a Second Case: Visit Moray & Speyside (2nd term)

The same pattern appears in the Visit Moray & Speyside BID:

- **Smallest band (RV £2,000–£13,999): 12.5% – 1.79% of RV**
- **Highest band (RV up to £6,900,000): 1.8% – 0.05% of RV**

A property at **£6.9 million RV paying 0.05%** effectively guarantees major RV influence at minimal cost.

3. Impact on BID Ballots: Distortion of RV Attainment

Because BID ballots require both:

- a majority of votes **and**
- a majority of aggregate Rateable Value,

my submission argues that **offering extremely low levies to very large RV properties ensures their YES vote**—thus securing the aggregate RV requirement. **This distorts democratic outcomes.**

4. Existing LA Veto Is Ineffective and Without Metrics

The Scottish Government's reference to the **2007 BID regulations** doesn't stand up to scrutiny: although a Local Authority may veto proposals that impose disproportionate burdens, in practice:

- The veto **is never used.**
- It contains **no metrics** defining “disproportionate”.
- Therefore it **is essentially meaningless**.

5. Voter Deception Identified

The reality on the ground:

- Voters are **not informed** that BID companies can secure the RV majority by offering extremely low levies to huge properties.
- This creates a **misleading impression** that ballots are based on fair dual components of both vote quantity and aggregate RV.
- In practice, this is **not transparent**, and smaller properties wrongly assume a level playing field.

6. Two Possible Remedies Proposed to the Committee

Option 1 — Remove the LA veto provision entirely

- Accept that the veto is not used and has no measurable standards.
- Voters would then be **honestly informed** that BID companies are free to offer large properties minimal levies to win RV attainment.
- This would end the implied fairness but increase transparency.

Option 2 — Reform the Local Authority veto with strict metrics

A more constructive approach would be to retain and strengthen the Local Authority veto by introducing clear, enforceable standards. This would require:

- **Tight rules and defined limits** on levy banding to prevent disproportionate burdens.
- **Worked examples** illustrating acceptable proportionality across rateable value bands.
- **Transparent criteria** that allow Local Authorities to identify distortion and act decisively.

Implementing these measures would end the systemic voter deception regarding the RV attainment, restore the integrity of the ballot process, ensure levy fairness, and prevent BID proposals from progressing where the distribution of financial burden is manifestly disproportionate.

Overall Conclusion

I recognise that this is a complex issue, but I hope I have presented clear, quantified evidence demonstrating that:

- **Disproportionate levy structures are systemic, not exceptional.**

- **Large RV properties routinely receive token levy levels,** which secures their support at minimal cost.

- **Ballot outcomes are skewed**, as BID proposers are able to manipulate the aggregate Rateable Value component by offering extremely low levies to large properties.

- **The current legislative safeguard — the Local Authority veto — is non-functional**, as it contains no metrics, no guidance, and has never been used in practice.

- **Without reform, voters continue to be misled**, ballot outcomes remain distorted, and the smallest properties shoulder the burden of disproportionately high levies (as shown in PE2179C).

Going forward, my preference is for **Option 2**, as it addresses the underlying structural weakness within the current regulatory framework. Strengthening the Local Authority veto with clear metrics would enhance democratic legitimacy, ensure levy proportionality, and provide an effective safeguard against the distortive levy practices that have become normalised in BID ballots.

Footnote relevant observation, the SPICe submission cited the Craig Hoy enquiry: “How much has been raised in BID levies?”. No answer on ROI was given, and no ROI statistics are available. Instead, SIDS estimated annual capital removed from businesses by levies into BID accounts at £6.4 million. (e.g. VM&S Ltd., term 2, proposed £808,000 for their “Overheads” account.) Other BID costs include: Continual significant legal levy enforcement costs to businesses, capital awarded to BID Companies (e.g. £350,000 from Highlands & Islands Enterprise to VM&S Ltd. Term 1) and the costs of Government departments related to BID activity. In England, the Business Improvement Districts (England) Regulations 2004 state BID Companies **“must”** show detailed accounts, in Scotland **this requirement is absent.** If £6.4 million has seriously been removed from accountable individuals into BID Company accounts by enforcing these skewed levies there can be no doubt this has caused distress and financial harm to smaller businesses.