



THE BID
FOUNDATION

**A STATE-OF-THE-ART REVIEW
OF BUSINESS IMPROVEMENT
DISTRICTS IN THE UK:
Setting the agenda for policy,
practice and research**



Commissioned by The BID Foundation

April 2019

About the Institute of Place Management

The Institute of Place Management is the professional body for people involved in making, maintaining and marketing places. As part of Manchester Metropolitan University, the Institute of Place Management is dedicated to supporting people who serve places, providing them with unbiased research, continuing professional development, qualifications, conferences, events and networking opportunities.

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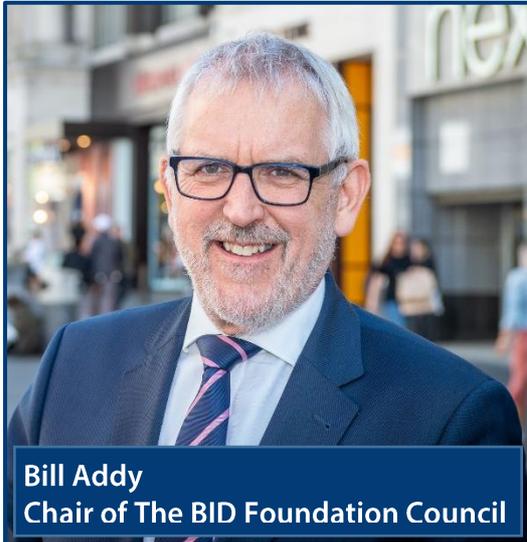
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Foreword



The BID Foundation is the industry body for Business Improvement Districts (BIDs). We are the custodian of the UK BID industry's evolution and reputation, providing the strategic direction that enables BIDs to better serve their levy payers and wider stakeholders.

Formed in 2018, The BID Foundation's establishment was a response to a UK-wide scale consultation, which revealed the need for an independent body to provide an authoritative voice for the industry at what is a critical juncture in BIDs growth and development, with over 300 now in the UK. The BID Foundation is governed by a Council, which I am delighted to chair alongside 21 representatives with substantive knowledge and practical experience in the industry.

The BID Foundation sincerely values the support it receives from the Institute of Place Management (IPM) at Manchester Metropolitan University. This partnership provides our membership with unparalleled access to international networks, influence and important research, which is evident in the production of this substantial report.

In spring 2018, we commissioned the IPM to produce a 'state-of-the-art' review of BIDs in the UK. This report provides a detailed outline of the development of BIDs and analyses the antecedents of the current position of the BID industry as at the end of 2018, fourteen years after the first English BID commenced. It also identifies and discusses current and potential future issues facing BIDs, and makes a series of recommendations, which we hope will inform potential policy initiatives and adaptations to BID legislation.

This report is just the start. Much remains to be done to support the BID industry moving forward, ensuring BIDs adapt and improve the places they manage. However, in terms of establishing a suitable knowledge base to support BID practice and policy, The BID Foundation is leading the way and this report puts us at the very centre of the debate. This report will further shape the role BIDs will play in developing commercial and industrial centres, linking real-life place management practices with regional and national policymakers.

We welcome you to join our conversation and help us drive forward a positive policy agenda for BIDs and the places they serve.

Executive Summary

Since their introduction in England in 2004, business improvement districts (BIDs) have become an important mechanism for place management. At the end of 2018 there were 303 Bids operating in the UK, spending over £100 million of levy income on initiatives to improve the locales for which they are responsible.

This report is a comprehensive review of BIDs in the UK, providing a detailed outline of the development of BIDs, as well as analysing the current position of the BID industry, as at the end of 2018. This analysis enables a wide-ranging discussion of the current and future issues facing BIDs and generates a clear agenda for future policy, practice and research.

We suggest there are five stages in the development and cessation of a BID - Interest, Feasibility, Ballot, Delivery and Disband. This review focuses on those that went to ballot, including established BIDs and those BIDs that have been disbanded (in other words, Stages 3, 4 and 5). It does not discuss locations that may have been interested in a BID, or those that have undertaken a feasibility study (Stages 1 and 2).

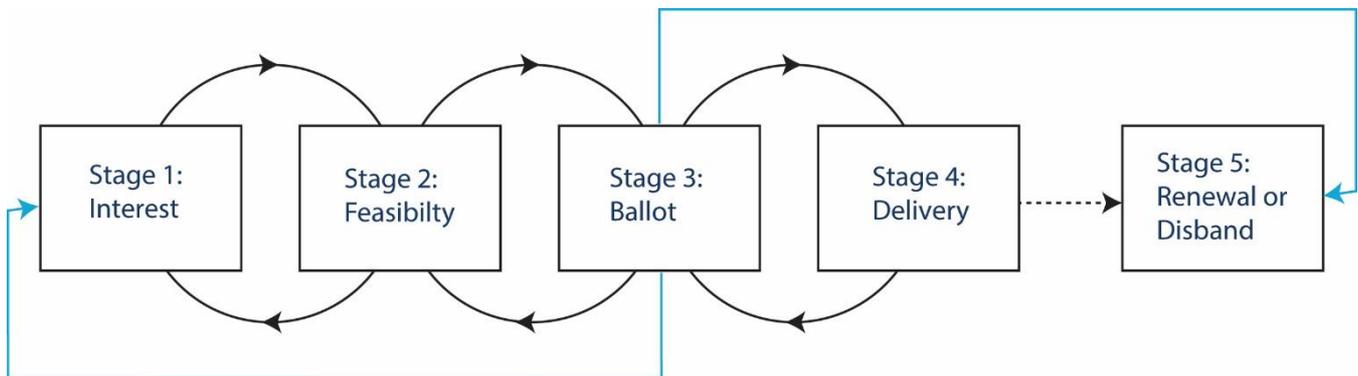


Figure 1: The five possible stages of a BID

The development of BIDs in the UK

One of the drivers behind the introduction of BIDs to the UK was to address some of the inherent problems arising from the essentially voluntary nature of existing place management initiatives, such as Town Centre Management (TCM) schemes. BIDs widened the funding base, required much greater engagement with businesses, and offered a fixed period over which to plan and operate.

Since their inception in 2004, the number of BIDs has grown continually to the current total of 303 as at end of 2018. In the first year of their operation, 2005, 14 BIDs were established, and the number of new BID starts per year has fluctuated between 10 in 2010 and a peak of 44 in 2016, possibly reflecting various government initiatives, such as seed corn funding and other programmes to encourage BIDs. Since the 2016 peak, there were 31 new BID starts in 2017 and 25 in 2018,

potentially suggesting that there is a trend towards decelerating speed of growth. Taking an industry life cycle perspective, this could suggest that BIDs are passing from the growth stage to the maturity stage.

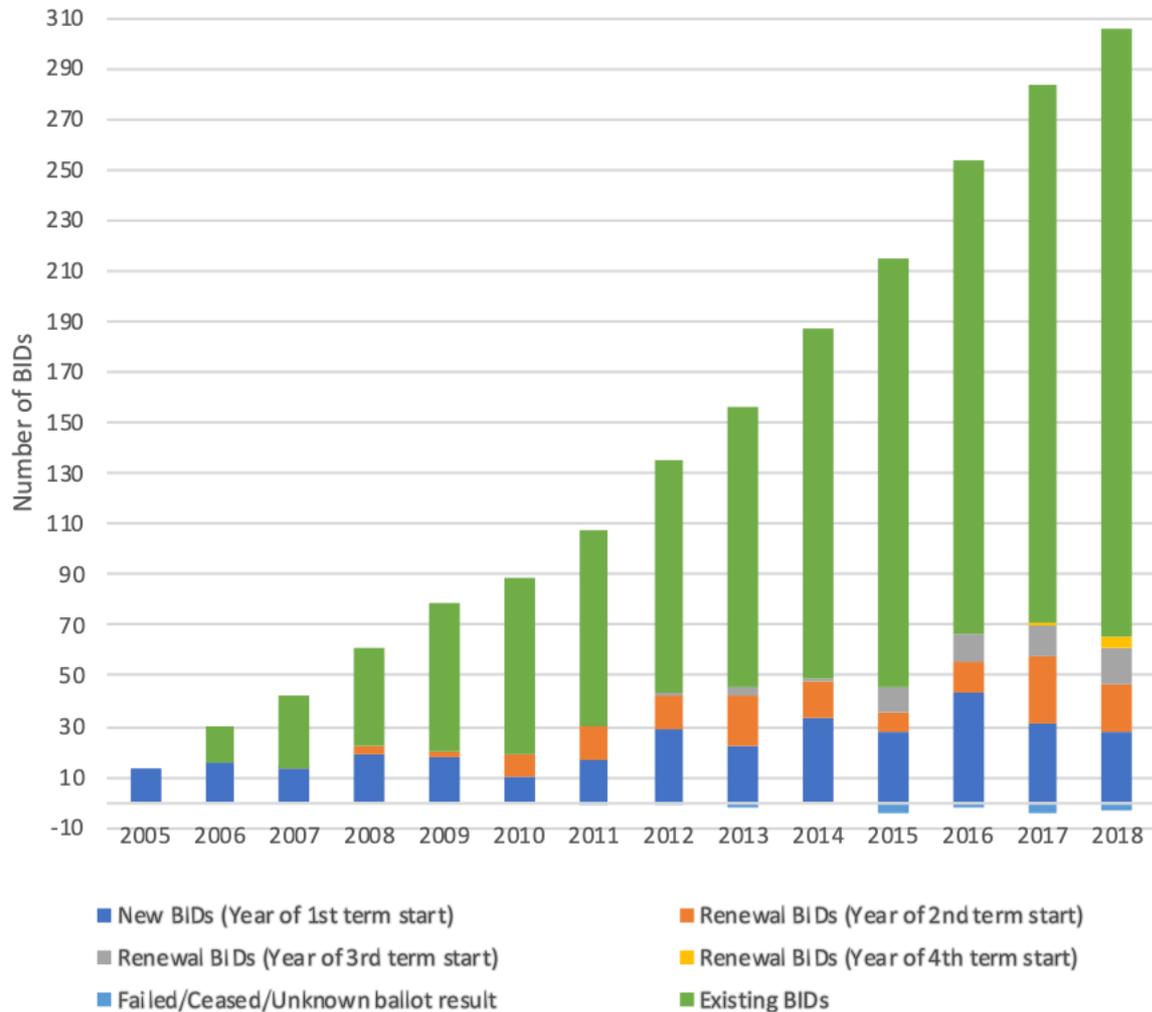


Figure 2: Number of UK BIDs by year

The report identified three main drivers of BID growth; political, economic and industry. Relating to political drivers, government sponsored funding regimes can certainly encourage BIDs to start-up, but perhaps not always with the right agenda or in the most needed locations. Scotland has 60% more BIDs per million inhabitants than England and this is likely to be a result of the monies available in Scotland to fund BID starts. Overall, government support for BIDs is heavily biased towards creating BIDs and the report finds that existing BIDs are poorly integrated into wider policy agendas. This includes economic policy at national, regional and even local levels.

With regard to economic drivers, there is some evidence to suggest that more BIDs have established during a period of austerity. Nevertheless, it remains to be seen whether the post Brexit economic climate leads more locations to establish a BID in an attempt to improve their trading environment.

As the BID industry has matured, innovation in BID establishment and delivery seems to have acted as a driver of growth. The number of experienced staff has grown, though recruitment can still be a challenge for BIDs, and there are a number of consultants providing support for the feasibility, establishment and management of BIDs. The desire of the industry to raise standards and ensure all BIDs do improve their trading environments is evident through the establishment of The BID Foundation.

Types of BIDs

UK BID legislation was designed to be sensitive to the needs of individual groups of businesses and the specific locations in which they exist, rather than adopting a prescriptive “one size fits all” approach. This has resulted in different types of BIDs, usually classified in terms of their legal form and their self-definition.

In relation to legal form, our review has identified four forms of BIDs, based upon the legislation used to establish them; Property-Occupier BIDs; Property-Owner BIDs, Property-Owner and Occupier BIDs, and Cross-Borough BIDs. The majority of BIDs (98.37%) are property-occupier BIDs.

It is common practice for Property-Occupier BIDs to identify themselves as particular BID type, based on the dominant land-use and occupier types within their geographical area. For this review, we identified seven types of BIDs, based on their self-definitions; Town centre (78.7% of BIDs), Commercial (3.0%), Industrial (10.3%), Leisure (1.7%), Retail (1.3%), Tourism (3.0%), and Other (2.0%). However, these self-definitions are not, in the main, based on data relating to land-use or hereditaments.

The report, whilst acknowledging that BIDs, by their very nature, should be flexible and be constituted in a way that is suitable for the areas they serve, argues that it is helpful to develop a more standard way of classifying BIDs, so that they can be compared and contrasted. Thus, a new typology of BIDs is introduced, based upon their inclusivity of business types and their geographical focus. This approach has the advantage of being based upon information that is usually in the public domain.

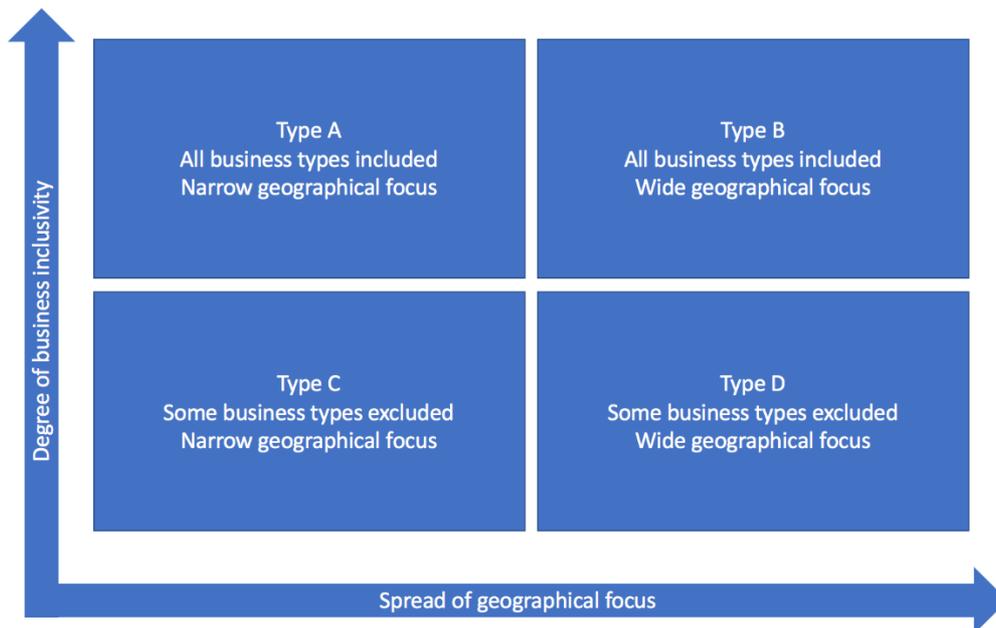


Figure 3: Types of BIDs based upon level of inclusion and geographical focus

Analysis of BID Ballot Results

A successful ballot result is crucial to initial formation - and the ongoing development of any BID. An analysis of BID ballot results by term across the whole of the UK shows a steady increase in support from levy payers. The average ballot result across the UK is as follows:

1st Ballot 73.2% 'yes' votes by number and 75.2% 'yes' votes by rateable value

2nd Ballot 74.4% 'yes' votes by number and 79.4% 'yes' votes by rateable value

3rd Ballot 80.4% 'yes' votes by businesses, and 85.0% 'yes' votes by rateable value

4th Ballot 86.2% 'yes' votes by businesses, and 92.0% 'yes' votes by rateable value

Average turnouts also increase over time, with 44.0% in first ballots, 50.0% in second ballots, 50.8% in third ballots, and 55.3% in fourth ballots. It should be noted that there are, to date, fewer third and fourth ballot results.

Unsuccessful ballots and BID terminations

The story of the development of BIDs in the UK is generally one of success. However, there are a relatively small number of locations where ballots have been unsuccessful or BIDs have terminated. The report analyses these and develops three expressions to explain the status of BIDs that have never started or ceased, with descriptors and BID numbers for each expression.

Not established: Unsuccessful at a first-term ballot (42) or successful at a first-term ballot but never established (2)

Not renewed: Unsuccessful at any second term (or subsequent) ballot (16)

Disbanded: Established but disbanded (10)

In general, the results suggest that BIDs that are not established have not engaged significantly with levy payers, either to explain the BID concept, agree the levy details, and/or formulate the business plan. Those that are not renewed have not delivered sufficient value to a significant number of their levy payers. The BIDs that disband may do this mid-term or at the end of a term. The most likely cause of a BID disbanding (mid-term or end of term) are concerns from levy payers about the operation/delivery of the BID. However, some BIDs have also disbanded at the end of a term as stakeholders have identified a more suitable structure to carry on the work of the BID.

Developing a nomenclature for BIDs

The report suggests that the BID 'industry' may be entering the mature stage of an industry life cycle. It is opportune, therefore, to consider the development of a definitive nomenclature, to ensure consistency in terms of how relevant phenomena are described and communicated. Consistency can be developed in relation to four key aspects: the stages of BID development, the legal form a BID takes, how different types of BIDs are described; and how BID 'failure' is categorised.

The BID literature

The literature is structured around three main debates: BIDs and the policy transfer process; defining the BID concept; and BIDs as new forms of urban governance. The report undertakes a review of this literature to provide a useful summary of the academic analysis of BIDs.

Understanding the policy transfer process was helpful to explain 'why we are where we are' with BIDs, fourteen years after their introduction. BIDs may now be seen as solution to many problems, most often those associated with town centre decline, but they were originally introduced as a mechanism to fix one, specific, weaknesses of town centre management, the problem of 'free riders'. Obviously, compelling all business to pay a levy eliminates this problem, but it also explains why there has been less emphasis on what BIDs do once they are formed.

Reviewing the BID concept identified the fundamental purpose of BIDs, which is to improve the attractiveness of a specific geographical location, leading to the conclusion that BIDs that do not represent the diversity of land-uses within their jurisdiction are unlikely to increase the overall attractiveness of the area.

Finally, the increased involvement of the private sector in urban management, i.e. BIDs, is seen as part of a trend towards the greater privatisation of public space. Critics see BIDs complicit in the over-regulation of public space and question their democratic accountability. However, BIDs are not the only entities involved in the management of public space; other forms of governance also have their weaknesses. For example, local government is criticised for being unwieldy and bureaucratic and for using Public Space Protection Orders to over-regulate public space.

Looking to the future – issues facing BIDs

The report looks at three fundamental issues that we suggest will have the biggest impact on the development of BIDs. First is the relationship between BIDs and Government. The report finds little attempt to integrate BIDs into wider governance networks, or consider them when new policy is introduced. With economic and other policy increasingly taking a place-based approach, this is a major omission as BIDs can be effective local economic networks. The second issue is BIDs and their governance. Some of the problems identified through the report, for example, BID failure, may be mitigated by more effective governance structures; especially ones that are better at integrating the interests of local levy payers.

The final issue is managing the evolution of BIDs. We have noted in this report that almost four-fifths of BIDs are in town or city centre locations. Though nearly all have a diverse business base, for many, retail is core to this base. The changes that are happening to town centre retail are now well documented, and it is inevitable these will have an impact not only on the potential funding base for many BIDs but also their activities. The impact of change in town centres will have a part to play in the future development of BIDs and it is arguably those BIDs that are inclusive of all businesses types, and can reach out to other important groups, such as residents, will be the ones that are better able to manage this change.

An agenda for policy, practice and research

The work in preparing this report has allowed a detailed insight into the development, operation, success and challenges for BIDs. It has identified a number of areas where further work is required to enable BIDs to maximise their potential and make the most effective contribution to the places they serve. The report concludes with a series of 13 recommendations for policy makers, the BID industry and researchers.

The policy agenda:

The report makes three, high-level, recommendations for policymakers.

Conceptualise BIDs as a form of place management and leadership

Although there are criticisms of BIDs, many of these also apply to local authorities; for example, poor engagement (voter turnout), lack of transparency, privatisation of public space, no monitoring of impact. If BIDs are conceptualised as a place management and leadership structure/mechanism, as well as local authorities, civic or community groups, etc. then the aim is to ensure all forms of place management are transparent, well-governed, representative, efficient, impactful etc.

Integrate BIDs as key actors in economic policy

As BIDs are taking the lead in identifying ways that they can improve their local economic environment, then the MHCLG, the Welsh Assembly and Scottish Government should ensure they are included as key actors in economic policy and programmes (both existing and emergent).

Don't fund more BID starts without a plan

Funding (apart from loan funding) for further BIDs should not be made available unless there is a clear plan of what new BIDs will achieve, and how government, or other bodies, will support the achievement of these goals.

Industry agenda:

At the request of The BID Foundation, we have identified five recommendations that, if taken forward, will support the evolution of the industry.

Provide evidenced-based responses to Government consultations and inquiries and support to appropriate Government policy and programmes

Because BIDs have been somewhat left-out of the policy process, it is important they do everything they can to integrate into it. This means providing evidence-based views and responses to Government, at all levels, as well as identifying ways, as an industry, they can support appropriate Government policy and programmes.

Be proactive – adapt and evolve

This review has identified a number of opportunities for BIDs to evolve, from having more community representation, to better relationships with property owners. The industry should be proactive and find ways of prototyping and testing new models and practices, without immediately resorting to calls to change legislation.

Improving baseline agreements

This review has identified some questions around baseline agreements and ‘additionality’. After a period of prolonged austerity, it is important to understand the distinction between public sector responsibilities and the role of BIDs and recommend ways in which baseline agreements can be improved.

Standards need raising

The review has found varying standards, when it comes to operational ‘basics’ such as communicating contact details or ballot results, and this has implications for information relating to the industry and, more importantly, confidence in the industry. The BID Foundation Minimum Standards must be adopted by all BIDs.

Adopt the nomenclature developed in the review

If BIDs adopt the naming ‘standards’ suggested in this review, it will aid a better understanding of BIDs, and more accurate comparisons between BIDs. Thus, we recommend that the industry adopt the following standard - BID name, BID status, BID legal form, BID stage, Self-definition, BID type. For example, Anytown BID is an established, property-occupier BID, in its delivery stage (2 years into a 5-year term). It defines itself as a town-centre BID, which is Type A (all business types are levy payers and the BID has a narrow geographical focus).

Research agenda:

The report ends with a research agenda, as the review identified a number of unanswered questions, or areas that need further research, to inform additional industry or policy recommendations.

What do BIDs do and what impact do they have?

BIDs are established to improve the trading environment, but more research needs to be undertaken to establish the impact BIDs have.

How are BIDs formed and managed?

We understand little about the process of establishing a BID, or, according to our stages, the interest and feasibility stage. It would be useful to understand more about the decision-making process that stakeholders go through, when they are deciding whether to establish a BID. Likewise, we know little about the set-up process of newly established BIDs, which enter the Delivery stage.

Who are BID levy payers?

Whilst many BIDs self-define their type, based on their understanding of land-use within the BID area and the sector make-up of their levy payers, there is no accurate, national, assessment of what type of businesses, or other organisations, pay BID levies.

Do some types of BIDs perform better than others?

This review has established four fundamental types of BIDs, based upon their geographical focus and diversity of levy payers. This offers the opportunity to investigate whether some types of BIDs perform better than others.

What are the criticisms of BIDs?

The literature review identified some genuine concerns about BIDs that need to be addressed. Nevertheless, the academic literature is not the only source of critique, and we recommend studies of newspapers, websites and social media are undertaken, to ensure BIDs understand alternative (but legitimate) perspectives.

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1. Introduction

Since their introduction to the UK in 2005, Business Improvement Districts (BIDs) have become a major part of the formal place management infrastructure within England, Scotland, Wales and Northern Ireland.

Although BIDs vary somewhat, the most common form of BID is succinctly defined by Bristol City Centre BID.¹

“A Business Improvement District is a defined area where business rate payers agree to pay a levy into a fund for a fixed period. Specific agreed initiatives are then delivered to improve the area for businesses.

A BID is commenced when an independent ballot has been conducted. To be successful there must be both a simple majority of the number who vote and a simple majority of the aggregate rateable value represented by those who vote”

There are five stages in the development (and cessation) of a BID - *Interest, Feasibility, Ballot, Delivery* and *Disband* - which are outlined in Figure 1, below, and then discussed more fully. This ‘state-of-the-art’ review focuses on ballot results, established BIDs and those BIDs that have been disbanded (in other words, Stages 3, 4 and 5). It does not discuss locations that may be (or have been) interested in a BID, and may have carried out (or be carrying out) a feasibility study (Stages 1 and 2).

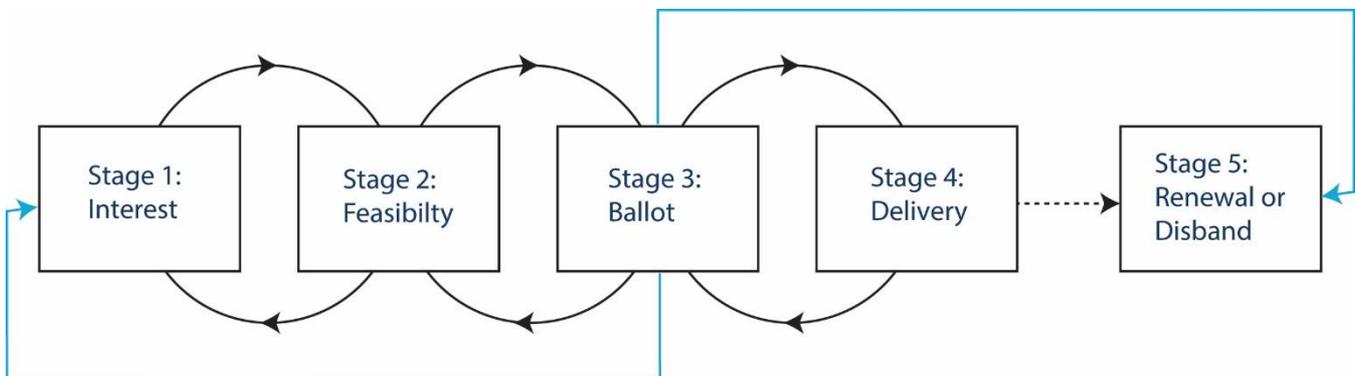


Figure 1: The five possible stages of a BID

At the *Interest* stage, a group of potential levy payers in a location spend time building their knowledge and understanding of the BID concept *per se*. Interest in a BID has to come from the potential levy payers and/or other stakeholders in the location, and this stage provides an opportunity to gauge interest in the principle of a BID and perhaps identify possible priorities of action, the proposed boundary of the BID etc.

Assuming there is enough initial interest, at the *Feasibility* stage, the potential levy payers need to develop a more extensive, in-depth analysis of the issues identified above; i.e. establish the levy rules (e.g. levy amount etc.), the type of priorities the BID will focus on, and develop a sufficient

¹ <https://bristolcitycentrebid.co.uk/about-us/>

critical mass of support for the BID. At this stage (and at others) a BID consultant may be engaged. Depending on the results of the feasibility study, the BID may begin the consultation process with stakeholders on project delivery for a BID before finalising the proposals ahead of a ballot.

At *Ballot* stage, a suitable proposal should have been developed, and enough support engendered, to gain at least 50% of yes votes (by both number of levy payers and by rateable value). If the ballot is successful, a BID may then be established and start to deliver its business plan. The activities which may be included in business plans could relate to such factors as improving physical infrastructure, enhancing security within the area, and marketing/promotion of the area (discussed in more detail in section 8.2).

Near the end of its (usually) five-year term, it may seek re-election through a renewal ballot. If successful in such subsequent renewal ballots, this *Delivery* stage may thus last for a considerable period of time. However, sometimes BIDs may *Disband* (Stage 5) mid-term or not seek re-election.

At the end of 2018, there were 303 BIDs operating in the United Kingdom (in other words, at Stage 4 of the above BID development process), spending approximately £108m of levy income between them on improving their local trading environments. The majority have a specific town or city centre remit, and most operate as independent organisations (as not-for-profit limited companies). Of these current BIDs, 55 are operating in their third or fourth term, making them at least ten years old, with 253 BIDs operating within their first or second term. Furthermore, at the time of writing, moves to initiate BIDs in a variety of locations across the UK continue apace. In giving evidence to a recent Select Committee Inquiry into future high streets, Minister for the High Street, Jake Berry MP, stated that the government was looking to encourage more areas to set up BIDs.²

Despite widespread adoption of the BID concept, there has been limited attempt to critically review the development of the industry. This raises a number of important questions, for example: what drives BID growth; do BIDs form in certain kinds of places; do BIDs form at certain points in time as dictated by external factors; are there differences between BIDs in different regions; and, why do some BIDs ‘fail’? The time is ripe to address these (and other related) questions, which is what this report seeks to do.

1.1 Terms of Reference

The BID Foundation (TBF) has commissioned the Institute of Place Management (IPM) at Manchester Metropolitan University, to produce a ‘state-of-the-art’ review of BIDs in the UK. This report provides a detailed outline of the development of BIDs, and analyses the antecedents of the current position of the BID ‘industry’ as at the end of 2018, fourteen years after the first English BID started in January 2005. This report also identifies and discusses current - and potential future - issues facing BIDs, to inform potential policy initiatives.

Specifically, the objectives of this report are:

- To critically reflect upon the way in which BIDs have been introduced into the UK and identify any geographical variation in the development of BIDs;
- To identify key stages of the evolution of BIDs, including support for the industry and key drivers of its development;
- To develop a standard method of classifying and describing BIDs;

² <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/1010/1010.pdf>

- To analyse BID ballot results and comment on any noticeable trends;
- To investigate BID ‘failure’;
- To synthesise the main academic debates surrounding BIDs;
- To identify and outline ongoing issues for future attention by policymakers, the BID industry and researchers.

This report begins by setting the scene for the study, giving the background to the introduction of BIDs in the UK. It then explores the growth of BIDs, outlining the stages of a possible BID industry ‘life cycle’. This is followed by an analysis of BIDs by their legal form and type. The next section analyses ballot results by term and by country. The report then explores the issue of BID failure. In the following section, the main academic debates surrounding BIDs are synthesised. The report then identifies a definitive nomenclature for BIDs before identifying the issues that will potentially impact upon the ongoing development of BIDs in the UK. The report ends with recommendations for policy makers, practitioners and researchers.

2. Background – a brief history of BIDs

The first BID to be established was actually termed a Business Improvement Area (a term still used today) and was set up in Bloor West Village in Toronto in 1970, so that businesses could respond to a loss of footfall caused by transportation changes in the locality. The concept spread to the US, where the first BID was established in New Orleans in 1975 (Briffault, 1999). Although the BID concept diffused throughout Canada in the 1970s, it was not until the 1980s and 1990s that it took real hold in the US. North American BIDs now generate significant income to fund place management initiatives in their localities. For example, the 75 BIDs in New York City generated \$108.9 million in 2017 (NYCSBS 2018), whilst Dallas, Washington DC, Philadelphia, Chicago, Los Angeles, Atlanta, Toronto and Houston all generated over \$20 million of income in 2016³. It is, consequently, not surprising that the idea appears attractive to localities seeking to maintain or enhance their position in an increasingly competitive spatial environment.

Peyroux et al. (2012) describe BIDs as a ‘travelling concept’, and from their North American/ Canadian origins, BIDs have been adopted in various countries including New Zealand, South Africa, Netherlands, Germany and the UK. Ward (2007) notes that the countries that have adopted BIDs most readily are those that are most often associated with neoliberal reforms in terms of governance. Indeed, he suggests that in these countries BIDs are presented “as solutions to the failures of past policies and practices of the state”. Thus, the dividing up of the city into “discrete, governable spaces” encourages competition, and thereby creates value and encourages flexibility, which it is argued contrasts favourably with the relatively bureaucratic and unwieldy nature of more traditional forms of local government (ibid: 667).

BIDs are a relatively new form of place management organisation. Therefore, to understand the current situation of BIDs in the UK, we first examine a general background to town centre management (the immediate pre-cursor to BIDs). We then provide a brief explanation of how the BID concept was implemented in the UK, as this is also important, and we complete this by drawing on reports, legislation and online resources.

³ <https://www.ida-downtown.org/eweb/>

2.1 Town centre management: A precursor of BIDs

Various types of urban management initiatives had been implemented prior to the introduction of BIDs in England (via the Local Government Act 2003). A primary motivation for such initiatives was the attempt to counter the impact of retail decentralisation from the 1970s onwards, as 'off-centre' retail development had become more of a direct competitor to retail provision in traditional urban centres.

During the 1980s and 1990s, the most widespread example of urban management initiatives were town centre management (TCM) schemes. TCM has been defined as "the search for competitive advantage through the maintenance and/or strategic development of both public and private areas and interests within town centres, initiated and undertaken by stakeholders drawn from a combination of the public, private and voluntary sectors" (Warnaby et al., 1998: 17-18).

The prime concern of many TCM schemes (especially in their early stages) was essentially 'janitorial' (Warnaby et al., 1998). The main aim was to remedy some of the perceived deficiencies in relation to off-centre retail provision (see for example, Evans, 1997; McGoldrick & Thompson 1992). As time progressed, TCM became characterised in many locations by a more long term, overtly strategic perspective, encompassing management of the retail mix and marketing & promotional activities (Henley Centre/BCSC, 2002).

Whilst the first 'town centre manager' in the UK was appointed in 1987 (Wells, 1991), many of the activities generally recognised as falling within the remit of TCM had been undertaken prior to 1987 by a variety of agencies, typically local authorities. Through the 1990s, the number of TCM schemes grew significantly, catalysed in part by the establishment of the Association of Town Centre Management (ATCM) in 1991. Approximately 230 schemes were in existence by 1999 (ATCM, 1999), and by the time legislation to enable BIDs was passed, it was suggested there was up to 450 town centre managers and TCM schemes operative in the UK (Hollins, 2004).

Similar to BIDs, the most common organisational *modus operandi* for TCM is some form of partnership structure between public and private sector urban stakeholders (ATCM, 1997a; URBED, 1997). Such partnership organisational forms are an integral part of wider urban management and marketing initiatives more generally (see Peck & Tickell, 1994; Van den Berg & Braun, 1999), and the specific context of TCM is no exception. A wide variety of TCM partnership types exist (see ATCM, 1997a; Warnaby et al., 1998), and the balance of power and influence between public and private sector actors would vary between individual schemes.

However, the voluntary nature of participation in - and funding of - TCM (see Medway et al., 1998, 1999, 2000) led to concerns regarding its sustainability in many locations. Warnaby and Medway (2006), for example, suggest that the ability of TCM schemes to plan and implement effective marketing activities was arguably compromised by funding discontinuity and the related issue of 'free-riding' (i.e. the majority of urban stakeholders who enjoy the benefits arising from TCM activities yet do not contribute to them). Medway et al. (1998, 1999) found that only a small minority of the primary town centre stakeholder group (i.e. retailers) actually contributed to TCM funding.

2.2 The introduction of BID in the UK

BIDs were regarded by many as a means of overcoming some of these inherent problems arising from the essentially voluntary nature of stakeholder participation in TCM. Peel and Lloyd (2008: 195) view TCM in terms of a stepping-stone towards BIDs, describing TCM as “a precursor to what works”.

From the early-1990s onwards, there was increasing interest in developing BIDs in the UK (see ATCM, 1997b; Shutt et al., 1999). The Corporation of London commissioned a report that looked at the experience of New York BIDs and how this might be applied in London (Travers and Weimar 1996). This report led initially to an addition to the London Local Authorities Bill (1997) supporting the introduction of BIDs within London, but this was withdrawn following concerns from some Boroughs (Hansard 1997). Lord Jenkin of Roding introduced a Private Members Bill in 1997, drawing on work undertaken by the Association of Town Centre Management and the Association of London Government, to allow BIDs across the UK and thereby “add a new arrow to the quiver of measures already available” to help town centres fight back (Hansard 1997).

Although the Bill found support, it was unsuccessful and further work was then commissioned by the Conservative Government to look at experience in the US and understand the potential for BIDs in the UK (Parliament 2018). However, it was the renewed focus on urban policy that was introduced by the new Labour Government that ultimately led to the introduction of BIDs (Ward, 2011). Prime Minister Tony Blair announced in April 2001 that legislation would be introduced to allow BIDs in England and Wales. Later that year, a government White Paper, *Strong Local Leadership – Quality Public Services*, set out the principles behind the proposed legislation. It noted that though the legislation would deal with essential issues such as arrangements for BID ballots, the concept was deliberately designed to be locally focused:

Guidance will be provided on how BIDs should work, drawing on existing best practice in establishing and delivering BID-type schemes. We do not wish this to be prescriptive. The Government will encourage the local authority and business organisations to produce this guidance themselves (DTLR 2001).

2.3 The BID Legislation in England, Wales, Scotland and Northern Ireland

Regulations governing the establishment of BIDs differ slightly across England, and Wales, but on the whole, they are very similar. However, there are some specific differences in BID regulation in Scotland and Northern Ireland, when compared to England and Wales. Specifically, in Scotland and Northern Ireland, there is a turnout threshold for BID ballots. This was an issue raised when BIDs were first introduced in England, but was rejected by government as it was believed ‘thresholds can have perverse consequence’ with people seeking to use their vote tactically (NGLN 2003 - online). Government did, however, encourage BIDs to design schemes that would maximise turnout in ballots.

In Scotland, legislation allows for occupiers as ratepayers and owners as ‘eligible persons’ to pay the BID levy. Where this is the case, an apportionment between ratepayers and owners is made in accordance with the 2007 Regulations, (Business Improvement Districts 2007 Levy Order paragraph 6). We outline the differences in legislation across England, Wales, Scotland and Northern Ireland below.

2.3.1 BIDs in England and Wales

To develop effective regulations and to further support the development of BIDs in England, the newly established department of the Office of the Deputy Prime Minister commissioned the (then) Association of Town Centre Management to lead a National BID Pilot Project. This put out a call for potential pilot locations and received over 100 expressions of interest (Ward 2011). Twenty-two locations were selected to become part of the pilot, and representatives from these places were taken on a study tour to see US BIDs in operation, attended workshops and received briefings, and were supported through the stages of BID development. The pilot towns and ATCM worked with the Office of the Deputy Prime Minister to draft regulations that worked in practice. Also feeding into the development of the regulations was The Circle Initiative, a £4.6m Government Single Regeneration Budget-funded pilot scheme in five areas of central London, which was later passed over to the London Development Agency⁴.

The input from the pilots supported the 'flexible legal framework' desired by government and which enabled the desire for each BID to be different (dependent on particular circumstances), and aimed at improving the local business environment. BIDs were promoted by Nick Raynsford, Minister of State in ODPM as a 'model for economic renewal' (NLGN 2003 - online).

The primary legislation to enable BIDs in England and Wales was included in the Local Government Act 2003, and subsequent detailed regulations outlining procedures for their establishment and management were introduced through the Business Improvement Districts (England) Regulations 2004 (SI2004/2443) and in Wales, through similar regulations published in 2005. Whilst a localised statutory instrument is in place for Wales, the legislative detail is the same as for England.

In England, the Regulations were amended in 2013 to allow Cross Borough BIDs, where two or more local authority areas of BIDs can be combined into one set of BID arrangements, with one lead local authority. However, this is an arrangement that is yet to be adopted.⁵ The Regulations were further amended in 2014 to facilitate the creation of a BID in the Corporation of London jurisdiction.⁶

In England, BIDs were given a Community Right to Challenge under The Localism Act 2011, in The Community Right to Challenge (Business Improvement Districts) Regulations 2015.⁷ The Community Right to Challenge is the right for community organisations to submit an expression of interest in running services of a local authority and fire and rescue authorities on behalf of that authority⁸. This was introduced as part of the government's localism agenda to create the opportunity for a local community body or organisation (BIDs are included in this) to express an interest in providing services currently delivered by the public sector. Once an expression of interest has been reviewed and accepted, the process of procurement of this service is then required to go through an open tender procedure. This 'right to challenge' has, however, yet to be exercised by a BID.

One of the key debate topics during the introduction of BIDs was whether property owners should be included as voters and levy payers. There was a strong voice for this from the property industry itself, led by the British Property Federation, but the view was taken that although this was the usual approach in the US, it did not translate well to the UK. There was already a system to collect funds from property occupiers but, as Minister Nick Raynsford explained, involving property owners would necessitate a new tax that would take time to establish and thereby delay the introduction of BIDs

⁴ <https://www.london.gov.uk/what-we-do/business-and-economy/supporting-business/about-business-improvement-districts>)

⁵ <http://www.legislation.gov.uk/uksi/2013/2265/contents/made>

⁶ <http://www.legislation.gov.uk/uksi/2014/3199/contents/made>

⁷ <http://www.legislation.gov.uk/uksi/2015/582/contents/made>

⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/5990/2168126.pdf

(NLGN 2003). Government did, however, encourage voluntary contributions from property owners, and undertook to keep property owner involvement under review.

Property owner BIDs eventually became possible in England under the Business Rates Supplements Act 2009, and following the publication of the Business Improvement Districts (Property Owners) Regulations 2014.⁹ Though national in scope, the law only applies in areas where legislation allows a Business Rates Supplement to be raised. Initially, this only applied to Greater London. In 2018, this was extended to four more parts of England: The West Midlands Combined Authority, The West of England Combined Authority, Liverpool City Region Combined Authority, and Cambridgeshire and Peterborough Combined Authority (SI 2018 877-880). Under the current legislation, property owner BIDs can only be initiated where they overlay an existing occupier BID and where a Business Rate Supplement has been adopted.

2.3.2 BIDs in Scotland

The introduction of BIDs to Scotland came in 2007 soon after England and Wales and was initiated by the Scottish Government primarily as a regeneration tool for town and city centres. A group of pathfinder BIDs were supported via 'BIDs Scotland', an in-house government department at the time that was charged with setting up BIDs. Seed corn funding of £20,000 per location was issued and the government-funded and hosted programme ran until 2018, when it was disbanded and recreated as Scotland's Improvement Districts, run as part of the Scotland's Town Partnerships.

BIDs were introduced in Scotland through various pieces of legislation in 2006 and 2007 (Part 9 of The Planning etc. (Scotland) Act 2006; Business Improvement Districts Levy Order 2007; The Business Improvement Districts (Scotland) Regulations 2007; The Business Improvement Districts (Ballot Arrangements) (Scotland) Regulations 2007; The Business Improvement Districts (Scotland) Amendment Regulations 2007 No. 510 and The Business Improvement Districts (Scotland) Amendment Regulations 2008 No. 359). The main differences in the legislation governing Scottish BIDs is the need to achieve a 25% turnout in ballots, and the opportunity to include property owners as levy payers in addition to occupiers on an apportionment formula as set out in s39 of the Act and s6 of the Regulations.

2.3.3 BIDs in Northern Ireland

It was not until 2013 and 2014 that BIDs were introduced in Northern Ireland, with The Business Improvement Districts Act 2013, The Business Improvement Districts (General) Regulations (Northern Ireland) 2014 and The Business Improvement Districts (Miscellaneous) Regulations (Northern Ireland) 2014. The primary legislation is similar to the Scottish Act as it includes a provision for a minimum 25% ballot turnout. However, as in England and Wales, the BID levy is payable by occupiers as it is based on a valuation list (Net Annual Value) that does not include ownership details (equivalent to Rating List in England and Wales as opposed to the Assessors List in Scotland that does include ownership details). The secondary legislation also closely follows the regulations for England and Wales.

2.4 Government support for BIDs

Initial support for the BIDs concept from the UK Government was focused upon their establishment, adoption and operation. As noted above, the regulations governing the establishment and management of BIDs in England and Wales, were developed through engagement with 22 pilot BIDs nationwide through the ATCM-led National BIDs Pilot Project, and by The Circle Initiative in five areas of central London.

⁹ <http://www.legislation.gov.uk/uksi/2014/3204/contents/made>

2.4.1 England

Although England introduced the secondary legislation to permit BIDs in 2004 and provided government financial support to developing BIDs at that stage, this funding lasted just for a few years. More recently, support was provided through the BIDs Loan Fund from 2013, which can provide £10-50,000 of start-up support. Twenty-nine developing BIDs have, so far, been allocated funds (British BIDs, 2018). The UK Government publishes online Guidance on BIDs¹⁰ and has also published two downloadable guides, Technical Guidance for Local Authorities¹¹ (British BIDs, 2015), and Guidance and Best Practice¹² (ATCM, 2015) which is a high level introductory guide to help individuals understand the process to deliver a successful Business Improvement District.

The government has commissioned a number of reviews of BID operations in England and has continued to monitor the potential for property owner BIDs. In 2007, York Consulting produced a report published by Government on *The Development and Implementation of Business Improvement Districts* (York 2007). This report noted the importance of town centre management to the establishment of BIDs, but raised concerns that relying on this driver may ultimately slow the pace of BID development. The report was positive about BIDs, though recognised that the concept was still early in its development. They found, though, that BIDs were lean organisations that had been very successful in involving wide ranging representation of local interests in their locations (York 2007).

In 2008, a further report was published by Government undertaken by York Consulting and McCallum Layton that reported on a four-year research programme on *The Role of Property Owners in Business Improvement Districts* (York 2008). This report found active engagement on a voluntary basis by property owners in many - but by no means all - BIDs. The research had identified very different levels of engagement and this was related to BID type. The report was concerned that property owner engagement on a voluntary basis was not sustainable (York 2008).

In 2013, the government undertook a consultation on property owners who are not ratepayers in the role of Business Improvement Districts and published the response to this in 2014 (DCLG 2014). The response report noted the positive response to property owner BIDs, but determined that it would examine the role of those operating where a Business Rate Supplement was being levied before deciding if they should be rolled out more widely.

In 2015, the Government published a consultation on BIDs (DCLG, 2015) that covered seven specific proposals relating to:

- Increasing transparency for all BIDs to strengthen accountability and quality
- Mandating certain information to be included in any locally agreed Service Level Agreements between BIDs and local authorities in order to encourage closer working
- Proposals to give BIDs the choice of who collects the levy on their behalf
- A streamlined approach for Business Improvement Districts to bring forward neighbourhood plans and neighbourhood development orders in non-parished areas.
- Improving BID legislation to make their operations more effective/efficient
- Understanding other models of business engagement in place management and the barriers to BID take-up

¹⁰ <https://www.gov.uk/guidance/business-improvement-districts>

¹¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/415990/BIDs_Technical_Guidance.pdf

¹² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/415988/BIDs_Guidance_and_Best_Practice.pdf

- Bringing forward legislation to allow Property owner BIDs outside London

Findings from this review have yet to be published.

In the report on its Inquiry into the High Street 2030, the House of Commons Housing, Communities and Local Government Committee made a number of recommendations relating to BIDs based on the evidence it had received (Parliament, 2019). The report recommended that government should maintain a national register of BIDs as well as other place partnerships, and that the High Street Task Force should support the establishment of BIDs in more areas.

The Committee made further recommendations on BIDs. This included support from the Task Force to promote a network of BIDs that would allow information exchange and the establishment of links between well-funded and less well-funded BIDs. The report also called for greater community involvement in BIDs, potentially through legislative change and for the reintroduction of legislation to permit property owner BIDs across England at the earliest opportunity (Parliament, 2019).

2.4.2 Wales

In Wales, the legislation to enable BIDs was introduced in 2005, but only one BID (Swansea) was established before 2012. A Business Improvement District Handbook¹³ was published by the Welsh Government in 2013. The Welsh Government provided grant funding to eight developing BIDs between 2014 and 2017 and has recently made £260,000 available that will support 10 developing BIDs who submitted proposals for support.

2.4.3 Scotland

In Scotland, the necessary legislation to establish BIDs came into effect in 2007, though six pathfinder BIDs had commenced development in 2006. These were supported by the Scottish Government and were overseen by a national steering group. Five were successful at first ballot. The government established a support body for BIDs, BIDs Scotland, but in 2018 this was replaced by a new body, Improvement Districts Scotland. Both bodies made/make £20,000 seed corn funding available to developing BIDs. Surveys of BIDs were undertaken in 2013 and 2017 and Improvement Districts Scotland delivers training and publishes a series of guides and CPD, produced by the Institute of Place Management, all designed to support the development and operation of BIDs. However, as well as offering this 'hands-on' support to BIDs there is also an ambition for BIDs to adapt to better serve the needs of the wider community, not just businesses.¹⁴ Presumably, and if necessary, this adaptation of the BID concept will be supported by the Scottish Government, through the necessary changes to legislation, and working pilots etc.

2.4.4 Northern Ireland

In Northern Ireland, the legislation to permit BIDs came into effect in 2014, and government support for BID development was provided through funding for a BIDs Academy that was run by Mosaic Partnership.¹⁵ The BIDs Academy provided expert support to six developing BIDs and supported them through the ballot process.

¹³ https://www.themeans.co.uk/sites/default/files/business-improvement-districts-handbook-en_0.pdf

¹⁴ <https://improvementdistricts.scot/our-vision/>

¹⁵ http://themosaicpartnership.co.uk/wp-content/uploads/2016/04/Yes-Votes_V2.pdf

2.4.5 Regional

In addition to national level support, as outlined above, there have also been some regional/sub-national level initiatives to support BIDs.

Following the early success of The Circle Initiative, the London Development Agency (LDA) was keen to extend their support beyond the five pilot locations and therefore established a regional BID support programme known as London BIDs. This ran from 2004 to 2011, funded by the LDA but delivered by an independent BID consultant following three subsequent Official Journal of the European Union tender processes. The programme included facilitated networks, both geographically and sector based; technical support to local authorities, both on a remote basis and within a regular series of network meetings; a website (including an interactive map of all BIDs and contacts and a 30 step toolkit for developing and renewing a BID incorporating template and sample document downloads); a regular free subscription-based e-newsletter; events and conferences; and free to end-user initial consultancy to developing BID locations supporting initial feasibility activity. The initiative ended in 2011 following budget cuts and the associated activity was incorporated into the Greater London Authority, where there remains an officer responsible for keeping abreast of BID activity.

In 2016, the London Assembly scrutinised BIDs, reviewing the role of BIDs in London's regeneration. The resulting report noted that BIDs 'have demonstrated their role as key partners in making improvements to the high street, and they look set to stay' (London 2016: 5). The report made a series of positive recommendations including landowner engagement in BIDs and the establishment of standards for BID governance. The Greater London Authority and London LEP jointly commissioned a very detailed report from Rocket Science and the Future of London on the evolution of London's BIDs (Rocket Science 2016). The report recognised the achievements of BIDs but also the challenges that lie ahead for them. Amongst these, it identified the tensions between business and residential community needs and in particular the pressures on neighbourhood planning where BIDs exist. It also highlighted sensitivities related to service delivery when the public sector is potentially keen to pass the liability on to BIDs, whilst the BIDs themselves are not necessarily willing to take on these burdens, and recognised concerns from some local communities who are not necessarily comfortable seeing control transferred to the 'private sector' through a BID.

Beyond the London BIDs programme, the LDA also funded some of the early BID development activity through their single pot-funding programme. In particular, a specific project-funding stream was established that focused purely on industrial areas with both North London via its Chamber of Commerce and South London via Solomon (an industrial estate management company) receiving funds to establish BIDs (the outcome was three BIDs in South London – Garratt Park, Willow Lane and Kimpton; and one in North London – Argall).

At a similar time during the mid to late 2000s, the North West Development Agency (NWDA) resourced some regional activities for BIDs including some support seminars to assist in the early feasibility and development. The East Midlands Development Agency (EMDA) set up a BID Academy with ATCM to support BID development. Funding for BID development was also made available by the Yorkshire RDA.

Beyond the Regional Development Agencies, various Councils created a function to support BID development, including Birmingham City Council, through its Town Centre Management support role, which supported the early development of BIDs across the city and provided resources including free levy collection together with funding industry membership of ATCM on behalf of all their BIDs. Both Warwickshire and Cornwall Councils ran supported programmes of early BID feasibility and development across their town centres and, in both cases, an officer was dedicated to the role of running the prospective programmes.

2.5 Not-for-profit support for BIDs

In addition to the government assistance for BIDs, at various levels, support has also been offered from not-for-profit organisations in the place management sector and, as BIDs have grown in numbers, from the BID industry itself.

2.5.1 Association of Town & City Management (ATCM)

The ATCM, an independent, not-for-profit, membership association representing town and city management partnerships, was one of the early advocates for BIDs being introduced into the UK. A number of ATCM events were held that introduced the concept to a British audience, including the first Downtown World Congress in Coventry in 1997. This was followed by study tours to the US and the preparation of briefings for MPs and Peers. In 2002, ATCM was awarded funding from the Office of the Deputy Prime Minister to establish the National BIDs Pilot Project, in partnership with government and 22 potential BID locations. Representatives from these places were taken to the US to see BIDs in action and provided with access to support (advice, training, workshops etc.). As the pilot projects went to ballot, ATCM moved on from the National BIDs Pilot Project to establish the National BIDs Advisory Service, which was supported by a staff member and a website. The website hosted a Knowledge Bank about BIDs. ATCM had a large pool of town centre management partnerships as members who were interested in developing a BID and ongoing events and briefing papers supported this move. However, as BIDs grew in numbers, the demand for more technical and more hands-on support outstripped the capacity of the National BIDs Advisory Service. Although ATCM continues to have BID members, it no longer hosts the dedicated website and no longer has a BIDs Director.

2.5.2 Institute of Place Management (IPM)

Manchester Metropolitan University was one of the first academic institutions to take a close interest in BIDs, focusing, to begin with, on the differences/similarities between BIDs and Town Centre Management Schemes and also on KPI usage in BIDs (Hogg, Medway and Warnaby, 2007). In 2004 academics from Manchester Metropolitan University, with ATCM, formed the Institute of Place Management (IPM), the professional body for the place management sector. The IPM was initially a £2.8m European Social Funded Project, run in partnership with ATCM. From 2007, the IPM operated as not-for-profit company, limited by guarantee, until 2013 when it spun back into Manchester Metropolitan University, a higher education corporation, with charitable status. Now the IPM is wholly owned and operated by Manchester Metropolitan University but is managed and governed under its own constitution to provide relevant research, qualifications, training and continuing professional development to BIDs and their employees, as well as other forms of place management organisations. Since 2017, the IPM has provided specialist assistance to the BID industry, through supporting the creation of The BID Foundation.

2.5.3 The BID Foundation (TBF)

The BID Foundation was formally established in early 2018. It arose as a response to concerns raised by BIDs themselves about the profile and representation of BIDs. A group of 27 English BIDs contributed funds to commission research by Rocket Science into the needs of BIDs and why no recognised trade body had emerged to represent them. Having surveyed over 100 BIDs, Rocket Science produced a report that identified the need for more services to be provided for BIDs and a single body that could represent the industry (Rocket Science 2016). The 27 BIDs used the report as a tender specification and invited responses. A proposal from the Institute of Place Management to establish a new body that was governed by BIDs themselves but which drew on Institute resources was selected as the desired way forward. Developed during 2017, The BID Foundation became effectively operational in 2018. Governance is through a Council, currently comprising 22 BID

CEOs/Managers drawn from across the UK, and the Council agenda is taken forward by an Executive Director with support from Institute staff. Membership is only open to existing BIDs in the UK and Ireland. The BID Foundation has its own identity and a constitution which establishes it as an industry body. It holds events and networking sessions for BIDs, provides a live list of BIDs and other information on BIDs on its website, commissions research, undertakes policy work, supports the development and dissemination of BIDs knowledge and increases awareness of BIDs to key interests.

2.5.4 Groundwork Cheshire, Lancashire and Merseyside

Groundwork are both a charitable trust and social enterprise who have supported the development of 18 successful BIDs since 2005 in business parks, industrial estates and town centres. Their work has included feasibility studies, development programmes, initial ballot support, delivery of management services and renewal ballot support.

2.6 Commercial support for BIDs

As interest in BIDs has grown and the number of BIDs has expanded, there has been a corresponding opportunity for private sector consultancies, and other companies to innovate and deliver services to BIDs, but only one of these provides a membership or subscription service.

2.6.1 British BIDs

British BIDs is a membership-subscriptions services body, which was established in 2006 and became part of Savills plc, the international property advisor, in 2018. Focused on the needs of BIDs, it has the mission to provide “quality, innovation and knowledge”¹⁶ to the industry. This includes various networking events, training, recruitment advice, an annual nationwide survey, an annual conference, an annual development day, BID accreditation, advocacy and a variety of other services and networks for members. It also administers the BID Loan Fund, on behalf of the Ministry of Housing, Communities and Local Government. British BIDs maintains The National BIDs Advisory Board, made up of BIDs, local authorities and levy payers, providing strategic direction and governance.

2.6.2 Other commercial support

A number of companies have undertaken feasibility and development support for BIDs, guiding them at first and renewal ballots. Some also provide training, ongoing support and project management. Others provide a full BID management service. Companies providing commercial support to the industry include, Heartflood, Kolek Consulting, Partnerships for Better Business, Primera, Regen Management, Revive & Thrive, Savills Place-Shaping and Marketing, The BIDs Business, The Means and The Mosaic Partnership.

¹⁶

<https://britishbids.info/vision-and-values>

2.7 Summary

Although the BID concept was born almost fifty years ago, it took nearly twenty-five years for the idea to gain popularity in the UK and for the (then) Association of Town Centre Management to lobby for the introduction of BIDs. Following a US study tour to New York and subsequent LSE research report in 1996¹⁷ Government took a real interest and legislation was introduced relatively quickly. The UK had already started to adopt partnership models of place management, involving both the private and public sector in both formal and informal structures to regenerate town centres (Coca-Stefaniak et al., 2008).

Town Centre Management (TCM) was an established concept, but many schemes were arguably unsustainable, due to a lack of reliable funding. The UK Government, the private sector and the European Union were significant investors in TCM, but schemes were often set-up as short-term projects that had no way of ensuring the other businesses in the town centre that benefited from the activities funded by the project, actually contributed. BIDs were seen as a way of carrying on the positive work that the TCM movement had started, but in a more equitable and sustainable way.

As a mechanism of devolved policy there are, of course, some differences in the way BIDs can be established and operated, although there are no fundamental differences between BIDs in England, Wales and Northern Ireland, despite a delay of nearly 10 years before BIDs were introduced in Northern Ireland. It is only in Scotland where changes have been made, with the involvement of property owners, at the discretion of the BID proposer, and a threshold for a minimum ballot turnout.

In general, TCM, as an antecedent to BIDs, and the way (and the speed) with which BIDs were introduced into the UK both create a certain amount of what might be termed 'path dependency'. In other words, some of the problems and inadequacies inherent in both previous TCM and BID practice (in North America) repeat themselves in UK BIDs. In particular, with relation to TCM, there was an *assumption* that place management partnerships were beneficial *per se*, leading to a culture of inadequate monitoring and evaluation (Hogg, Medway and Warnaby, 2004). This still appears to be a weakness. Our recent review of BIDs in Scotland identified that 42% of business plan activities had 'very little' or 'moderate' link to KPIs (Institute of Place Management, 2018). Likewise, the decision to make property occupiers, and not owners, the actual levy payers may have influenced the priorities of BIDs in the UK, in contrast to their counterparts in most of USA, where it is the owner, not the occupier, that pays the levy.

These issues are exacerbated when we consider the type of Government support that has been available to BIDs. Overall, Government support has been heavily skewed to establishing BIDs, rather than supporting their ongoing evolution, or even evaluating what they do and the contribution they make. In England, BIDs are not well connected to national economic development structures, such as Local Economic Partnerships (LEPs), or integrated into national policy initiatives, such as the UK's Industrial Strategy.¹⁸ Just as Government support for BIDs has been rather erratic, in a similar fashion, other not-for-profit support for BIDs has been characterised by inconsistency. Whilst specialised, not-for-profit initiatives to support BIDs were initially successful, their lack of critical mass (in membership terms), meant that, over time, they proved unsustainable. Conversely, the commercial providers of services to BIDs have stood the test of time as they are, providing services that the industry needs and is prepared to fund. However, commercial providers are unlikely to invest in the type of programmes that are needed to support more fundamental adaptations of the BID concept aspired to by Scottish Government (Improvement Districts Scotland, 2017) and

¹⁷ <http://www.lse.ac.uk/Research/research-impact-case-studies/reviving-british-town-centres-high-streets>)

¹⁸ <https://www.gov.uk/government/topical-events/the-uks-industrial-strategy>

suggested by UK Parliament (Housing, Communities and Local Government Committee, 2019). This will need further Government support.

For suggestions as to what that support might look like, we perhaps need to look regionally. In London, the London BIDs programme, ran from 2004 to 2011 funded through the London Development Agency and latterly the Greater London Authority. Focused on a wide range of technical and networking support, this initiative embedded the BID model into the partnership infrastructure of London including visibility and understanding from all of the main public sector bodies including the local authorities, Transport for London, the Metropolitan Police, the GLA and the London Mayor’s office. The outcome of this style of proactive regional programme has meant that 20% of all UK BIDs are in London (see Figure 2).

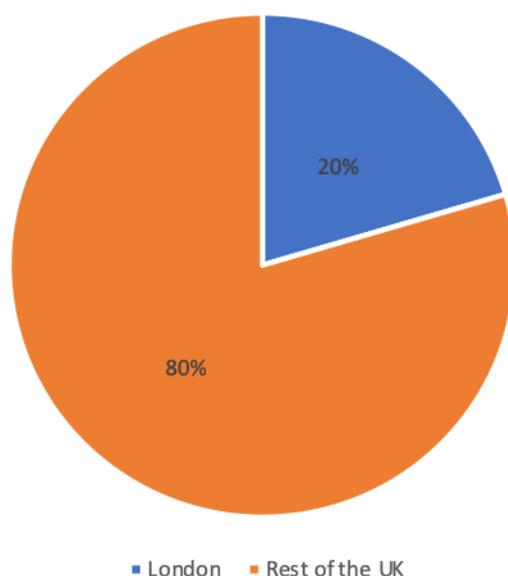


Figure 2: Proportion of London BIDs compared to rest of the UK

These BIDs are also associated with a higher turnout rate, compared to the UK average, suggesting that they may engage with their local businesses more effectively (see Table 1). London BIDs have also only had one ballot failure, between them (plus two disbanded after first term and second term respectively). Nevertheless, since the programme has ended, there does not appear to be the same level of collaboration across London BIDs, demonstrating how important ongoing support is.

	1st term	2nd term	3rd term	4th term
London	46.0	51.3	56.1	55.3
Rest of UK	44.8	49.4	47.5	48.5

Table 1: Voter Turnout per term (London and rest of the UK)

As well as more ‘hands-on’ engagement from policy makers at national and regional scales, BIDs need a strong representative body, to provide strategic direction and a voice to the Industry. However, in practice, it is unlikely that this can be achieved without the support of another organisation. After the Rocket Science review of 2016, the 27 BIDs funding the review had the choice of aligning with an existing membership body (ATCM), a commercial organisation (British BIDs) or a professional body (The Institute of Place Management). Following a competitive process, The Institute of Place Management was selected.

3. UK BID development: an industry lifecycle

The data on which the subsequent analysis is based is drawn from various sources that inform the content of the interactive BID map on The BID Foundation website, which is updated regularly, and available at <http://placemanagement.org/special-interest-groups/the-bid-foundation/about-bids/#bids-map>. A full list of sources is given in Appendix 1. A team of researchers used these sources to glean the data utilised in the report, which was then entered into a spreadsheet. The data was checked by industry experts; however, as not all BIDs publish a complete set of data relating to start-dates, hereditaments, levy income, and voting results, we are missing some data. For example, we are missing 5.2% of start date data, 7.5% of data on annual income, 14.1% of data on voter turnout on first ballot and 25.5% of data on the number of hereditaments eligible to vote. This does, arguably, raise issues about the need for consistent data transparency across BIDs (subject to any possible strictures arising from data protection legislation).

3.1 Growth of BIDs

The development of BIDs in the UK since their inception in 2005 is shown in Figure 2 below (not including BIDs scheduled to begin operation in 2019 after successful ballots in 2018, and Irish BIDs). The current cumulative total of operational BIDs, as of the 31st December 2018, is 303.

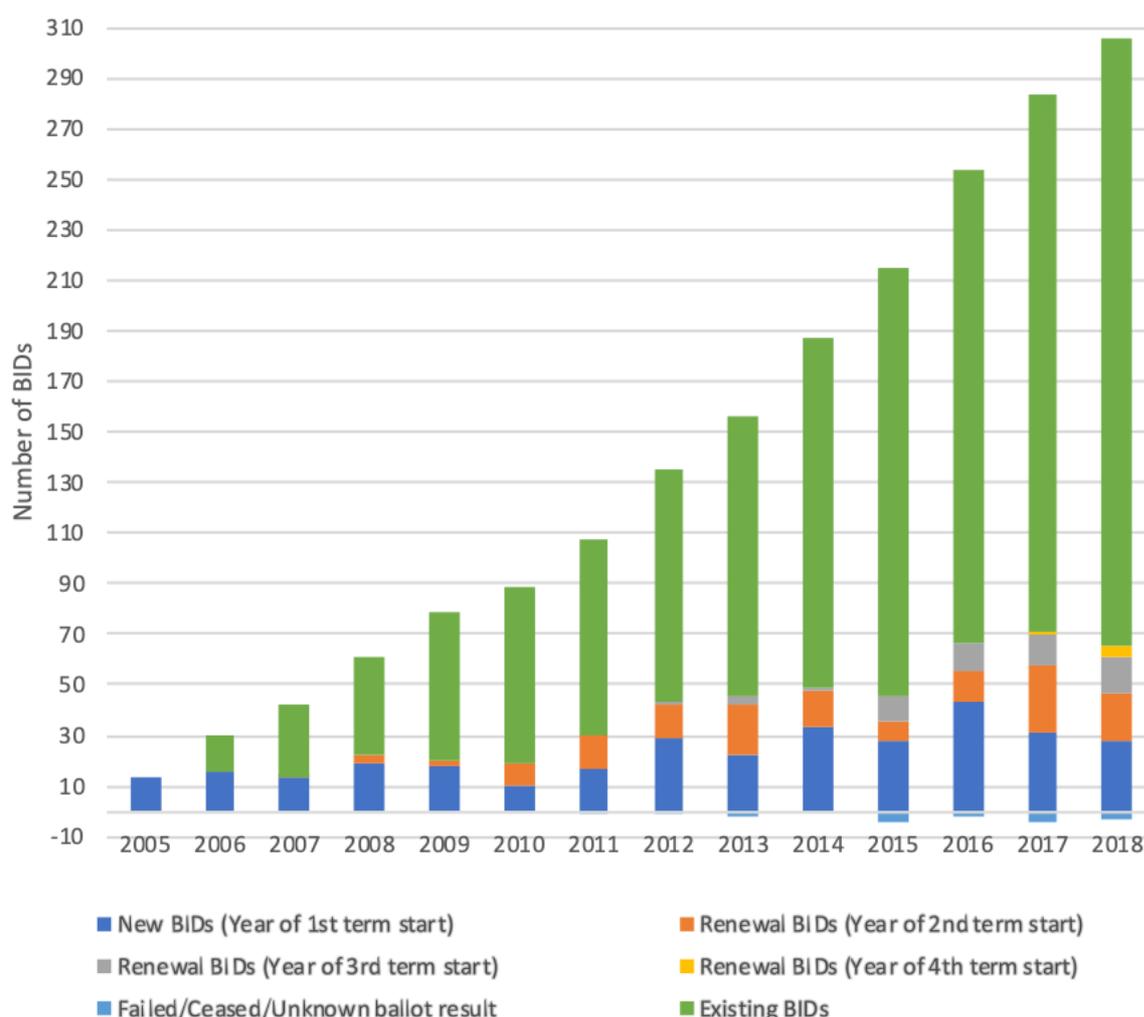


Figure 3: Number of UK BIDs by year

The graph highlights a continuous growth of BIDs since their inception, which is highlighted by a steady increase in new BIDs in almost every year. From 2005, the first year that BIDs were operational in the UK (when 14 BIDs were established), the number of new BID starts per year has fluctuated between 10 (in 2010) and peaking at 44 (in 2016). This growth may reflect government initiatives, such as seed corn funding and other programmes to encourage BIDs. The graph displays negative figures from 2013 – 2018, which illustrates BIDs who have either failed at their renewal ballot or ceased operations mid-term. We discuss the reasons behind this in section 6. We investigate various drivers of growth (political; economic; and industry) in the following section.

3.1.1 Political drivers of growth

We have already identified the impact that government support at national, regional or local levels can have on the number of BIDs that are established, and we show the number of BIDs that have been established in England, Scotland, Wales and Northern Ireland in Figure 4.

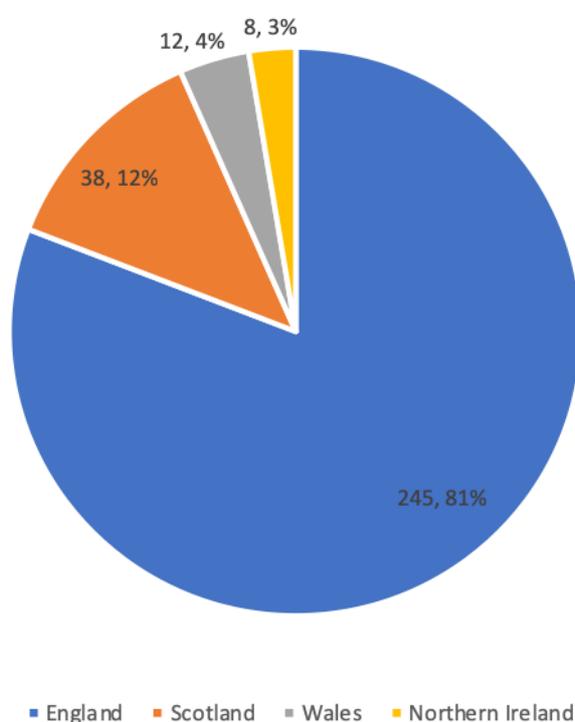


Figure 4: Proportion of BIDs per nation

As discussed in Section 2.2 and 2.3, the speed with which BID legislation was introduced across the UK and the support for BIDs has varied. Therefore, we would expect to see some geographical differences in the number of BIDs in England, Wales, Scotland and Northern Ireland (see Table 2).

Geography	Number of BIDS	Number of BIDs per million inhabitants	Date legislation introduced
UK	303	4.59	N/A
England	245	4.41	2003/4
Scotland	38	7.04	2006/7
Wales	12	3.87	2005
Northern Ireland	8	4.21	2013/4

Table 2: Number of BIDs per million inhabitants

The number of BID's per million inhabitants across the UK is 4.59. This figure is a useful benchmark to identify if there are significant regional variations in the adoption of BID's. England, Wales and Northern Ireland appear to have similar adoption rates; however, Scotland has 60% more BID's per million inhabitants than England. Some of this difference could be explained by the less urbanised nature of the country, in other words, comparatively there are more places where BID's may form. However, Scotland is not dissimilar to Wales, in terms of population density and the spread of settlements – both could be described as 'countries of towns'. Therefore, the higher number of BID's is more likely to be attributed to the £20,000 seed corn funding which has been available to all locations in Scotland interested in establishing a BID. This money has paid for the feasibility and establishment of BID's in areas that, without such support, may not have considered a BID.

The relatively low annual income of Scottish BID's, in relation to other BID's is also indicative that the seed corn funding has influenced the number of BID's established (see Figure 5). In Scotland, the average annual income per BID is £163,894. This is just 58% of the average annual income per BID in Wales (£280,456). Of more concern, perhaps, is the difference in turnover of the smallest BID's across England (£29,000) and Scotland (£17,500), compared to Wales (£80,000) and Northern Ireland (£95,000) – see Table 3. It is perhaps difficult to ascertain what additional value very small BID's are going to bring to their locality unless they are project specific. Even then, with the administration costs of establishing a BID, surely a more appropriate vehicle for business collaboration and investment could be found?

The availability of grant or loan funding for BID's undoubtedly generates interest, particularly when this is time limited, as recently demonstrated in Wales. The government funding was intended to stimulate demand and help 10 new BID's establish. However, the current political situation in Northern Ireland with the continuing suspension of devolved government, makes it unlikely that we will see political impetus for more BID's there, in the short term at least.

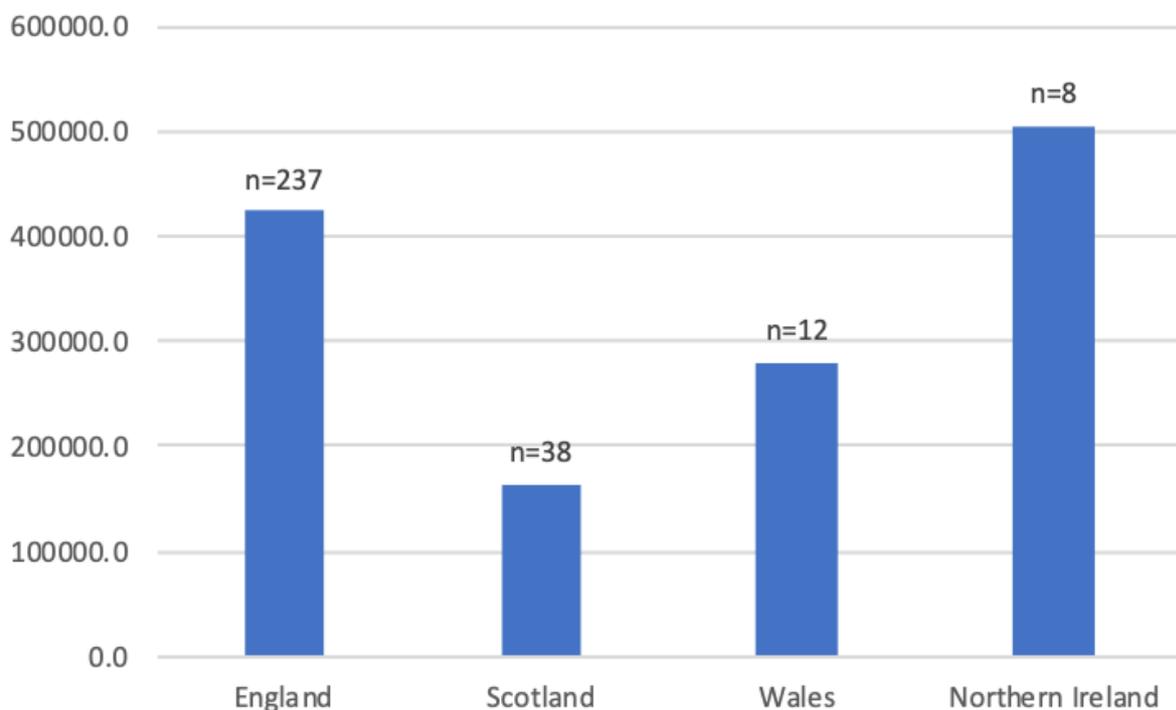


Figure 5: Geographical variations in BID average income

In England, the recent Housing, Communities and Local Government inquiry into the High Street 2030 articulates a clear ambition to support more BIDs and to see new roles for BIDs.¹⁹ In a similar fashion, politicians in Scotland aspire to extend the improvement district model to community representatives²⁰ or infrastructure companies, such as those providing energy. This could also lead to the creation of more (but a different form of) BIDs. In order to include community stakeholders as BID levy payers, legislation will need to be changed. Growth may well come from different legal forms of BIDs (we examine this in Section 4.2) but this will take time.

Nation-Region	Mean	Minimum	Maximum	N	Std. Deviation
England	423084.9	29000	4098000	237	466584.1
Scotland	163894.4	17500	1120000	38	208823.2
Wales	280456.4	80000	1460000	12	384622.0
Northern Ireland	505000.0	95000	1200000	8	414496.3
Total	393386.2	17500	4098000	295	474779.5

Table 3: Geographical variation in BID levy income

3.1.2 Economic drivers of growth

Other factors, common to all UK regions, may also go some way to explain growth in the industry. For example, 2012 saw a marked increase in new BIDs, with 29 compared to the previous all-time high of 19 (2008) – an increase of over 50%. A common criticism of BIDs, especially by their levy payers, is that they perform functions which local authorities should deliver themselves. However, central government grant funding to local authorities has fallen by 38% since 2010 (Fullfact.org). Given the pressure on local authority funding since the implementation of austerity policies in 2010, it seems feasible that BID development may have been accelerated by places needing alternative methods of delivering services that levy-payers deem as crucial. Given the time taken to develop a BID, the relatively high number of BIDs that have become operational since 2012 may be, at least in part, a reflection of Government austerity policies.

In terms of future economic drivers of growth in BID adoption, Brexit may also have an effect. As towns and cities encounter slower rates of economic growth, less tourism and find it harder to recruit skilled workers (e.g. in professional services) and migrant workers (e.g. in hospitality, leisure and retail industries), this may catalyse local action, in the form of a BID, to improve the local trading environment. However, the possible impact of Brexit on the development of - and appetite for - BIDs will need to be carefully monitored, going forward.

3.1.3 Industry drivers of growth

As the BID industry has matured, there have been a number of innovations emanating from within the industry that may act as drivers of growth. With industry maturity, the number of experienced BID staff now working as consultants has increased, meaning that there is more expertise and momentum to support the feasibility and ballot stage of a BID. The growth of BIDs has led to some commercial organisations offering a central management service to BIDs, which may reduce the operating costs of a BID in some locations, making it more likely to get established. The effect of

¹⁹ <http://www.placemanagement.org/special-interest-groups/welcome-to-the-bid-foundation/bid-news/more-bids-and-new-forms-of-bids-to-help-town-centres/>

²⁰ https://www.scotlandstowns.org/scotland_s_improvement_districts_new_national_vision_for_to_wn_centres_unveiled

‘outsourcing’ some BID stages is not understood and is worthy of future research, to establish if this is, indeed, a driver of growth in the industry.

The development of sector specific BIDs may also drive new BID formation. “Tourism” BIDs and “Digital” BIDs are new concepts that are attracting interest and may encourage other locations to introduce them. A recent report from the Core Cities Group proposes a BIDs+ scheme to secure investment into culture in cities (Core Cities 2019) and could be a further driver of growth, though legislation would be required. We explore the growth of different types of BIDs in Section 4.

3.2 The product lifecycle of BIDs

Despite the higher number of BID starts since 2012, recently, the number of new BID starts per year shows signs of declining (see Table 4). After the peak of 44 new BID starts in 2016, there were 31 new BID starts in 2017, and 25 in 2018. Notwithstanding earlier occasions where new BID starts in a particular year were less than the previous year (i.e. in 2007, 2009-2010, 2013 and 2015), the fact that the number of new BID starts has been in decline since 2016 could suggest that there is a trend towards decelerating speed of growth.

Year	New BIDs (Year of 1 st term start)	Renewal BIDs (Year of 2 nd term start)	Renewal BIDs (Year of 3 rd term start)	Renewal BIDs (Year of 4 th term start)	Failed*/ Ceased/ Unknown ballot result	Cumulative total
	N	N	N	N	N	N
2005	14	0	0	0	0	14
2006	16	0	0	0	0	30
2007	13	1	0	0	0	42
2008	19	3	0	0	0	61
2009	18	2	0	0	0	79
2010	10	9	0	0	0	89
2011	17	13	0	0	1	106
2012	29	13	1	0	1	134
2013	22	20	4	0	-2	154
2014	33	15	1	0	0	187
2015	28	8	9	0	-4	211
2016	43	12	12	0	-2	252
2017	31	27	12	1	-4	279
2018	28	19	14	4	-3	303
2019*	8	20	4	0	-2	311
Total	329	148	56	5	18	311

BID = Business Improvement District
N = number of BIDs
*This denotes BIDs that has been successful in first ballot in 2018 and are set to begin operations in early 2019

Table 4: Number of new BIDs per year in the UK since 2005

However, another contributory factor in the current slow-down of growth in BID starts could be an increasing number of BIDs that are not successful at first ballot. Since 2016, figures used in this report suggest there were 10 failures at initial ballot (with a further BID never established despite a successful ballot result because of a legal challenge). We investigate BID failure more thoroughly in Section 6.

In order to understand the current status of the BID industry, we can ‘borrow’ the product life cycle theory from the marketing discipline. This theory suggests that product offerings move through a sequential developmental pattern. Applying this theory to the context of BIDs, suggests that the BID industry may be entering the maturity phase of its lifecycle (see Figure 6). The *Development* stage could be regarded as occurring pre-2005, incorporating the BIDs pilot scheme. The *Introduction* stage, from 2005 to 2010-11, saw a gradual increase in new BID starts each year (as well as a handful of renewal ballots where the earliest BIDs achieved renewal). The *Growth* stage, from 2011-12 to 2016, saw significantly higher numbers of new BID starts annually (albeit not in continuous annual increases) and much greater numbers of successful renewal ballots. One contributory factor relating to renewal ballots was the shorter first terms of the first BIDs, usually from 2-3 years (as opposed to the five-year terms that are now the norm). As noted above, the pace of expansion has stalled somewhat since 2016, indicating that, whilst still growing, the BID industry is possibly entering the *Maturity* stage of the lifecycle.

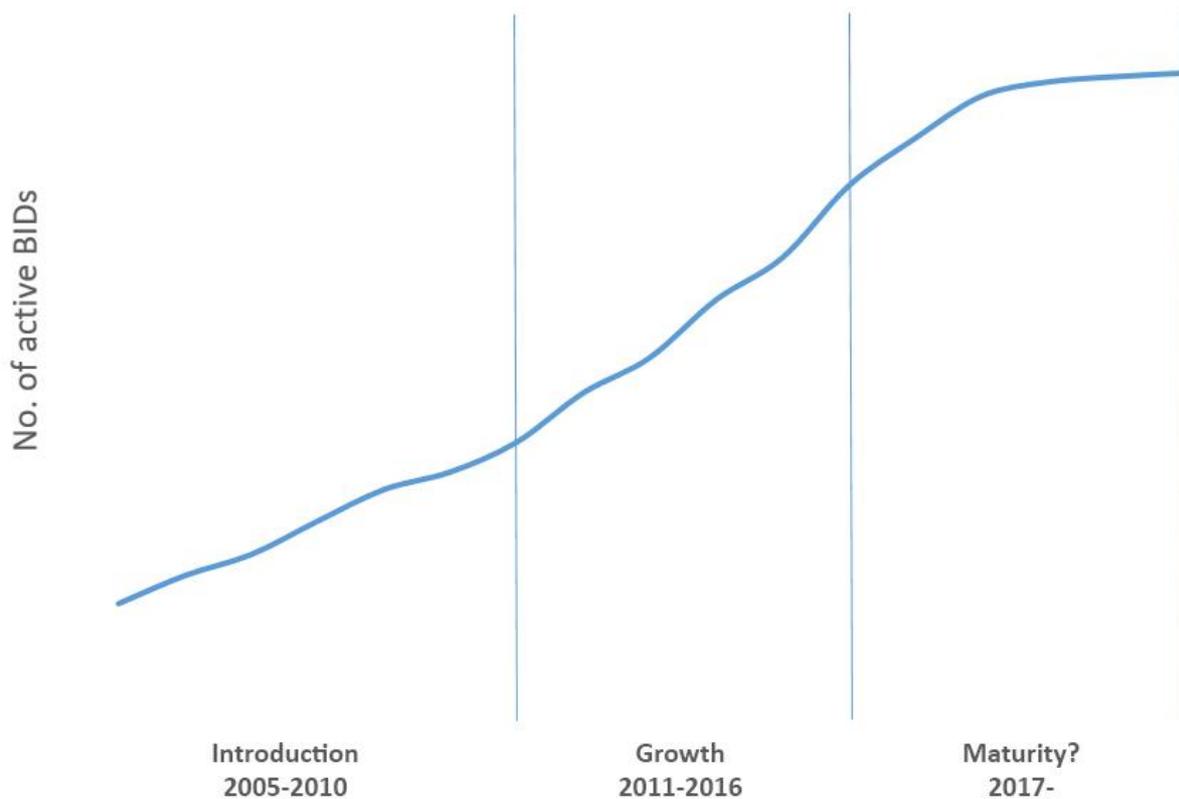


Figure 6: Have BIDs entered maturity?

Product life cycle theory also suggests that life cycles can be extended almost indefinitely, and in the case of BIDs this could potentially be seen in the development of more niche, ‘sectoral’ BIDs (e.g. Industrial, Tourism, Leisure-oriented BIDs etc.), which are discussed in more detail in Section 4.3. In addition, new BIDs may start to form in smaller locations, as was the case in Scotland (Institute of Place Management, 2018). However, across the UK as a whole no such trend relating to BID formation accelerating in smaller locations, can be established. 2005 saw a cohort of (14) big BIDs established with an annual levy of over £629,000 and an average number of over 500 hereditaments. Since 2005, more BIDs have established and this has included smaller BIDs, so the average annual levy and the average number of hereditaments has always been less than those associated with the first cohort of big BIDs. However, Table 5 shows there is no clear trend that the average annual levy or the number of hereditaments is falling.

Year BID Established	Number of new BIDs established	Average Annual BID Levy (estimated)	Average Number of Hereditaments
2005	14	£629,001.50	517
2006	16	£294,552.14	377
2007	13	£311,807.00	363
2008	19	£358,861.88	583
2009	18	£302,501.13	496
2010	10	£387,695.00	438
2011	17	£309,924.19	448
2012	29	£332,252.39	441
2013	22	£330,951.80	331
2014	33	£222,502.03	408
2015	28	£385,133.89	567
2016	43	£369,993.47	481
2017	31	£391,481.09	466
2018	28	£349,252.07	394

Table 5: Average number of hereditaments and levy income by year of BID establishment

3.3 Summary

BIDs have grown at the rate of between 10 and 44 per year across the UK, since they were introduced 14 years ago. Various factors accelerate the rate at which they are adopted as a place management model by individual locations, and we identified three major types of drivers: political, economic and industry. Funding can certainly encourage BIDs to start-up, but may skew the motivations for establishing a BID. Instead, political will - backed up with clear aspirations and well-resourced programmes of support (i.e. London, as described in section 2.3.5) - appears to be the most successful way to develop BIDs. Nevertheless, even in London, once the support programme ended, there has been less collaboration, both amongst BIDs and between BIDs and the Greater London Authority.

Our review has also identified economic drivers of BIDs. Whilst there is some evidence to suggest that more BIDs have established during a period of austerity, this is not evidence of causation. As we enter a period of economic uncertainty caused by Brexit, it will be interesting to see whether these pressures encourage more locations to establish a BID in an attempt to improve their trading environment.

Nevertheless, the economic problems expected to result from BREXIT cannot be solved locally. Therefore, it is important that there is clear political vision for what BIDs can achieve, and our analysis of the industry has, so far (with the exception of Scotland), demonstrated that this type of strategic direction is lacking. If BIDs are not integrated into the wider policy agenda and encouraged to form, then the industry has probably reached maturity, as the rate of BID starts has fallen for two consecutive years, since a peak of 43 starts in 2016. However, the introduction of new forms of BIDs, such as those that involve infrastructure companies, residents and/or property owners could easily nudge the industry back into a period of short-term growth.

Finally, it is worth mentioning that we do not have a complete data set, especially in relation to the number of hereditaments and the annual turnover of a BID. We would strongly recommend that the BID industry adopt minimum standards in terms of the reporting of basic information about the BID, as suggested by The BID Foundation (www.placemanagement.org/bids), to make future research and analysis more complete.

4. Types of BIDs

The BID legislation introduced across the UK was always intended to be ‘enabling’. In other words, rather than a prescriptive “one size fits all” approach, BIDs were designed to be sensitive to the needs of individual groups of businesses and the specific locations in which they exist. However, whilst this flexibility is understandable, it does make the comparison and evaluation of BIDs complicated. Therefore, in this section, we use two methods to group, or classify, BIDs. First, we utilise the precise legal form of the BID as a means of classification. Second, we use the BID’s own self-definition of the type of BID by which they describe themselves.

The introduction of more specific labels to describe BIDs and their characteristics will lead to more effective research and evaluation in future. In addition, it has enabled us to develop a more comprehensive typology of BIDs, based upon both the geographical area and the nature of the businesses they serve.

4.1 Legal forms of BIDs

Previous scrutiny and analysis of the legislation and regulations relating to BIDs in England, Scotland, Wales and Northern Ireland, undertaken in Section 2.2 of this report reveals that, in legal terms, there are only four forms of BIDs; Cross-Borough BIDs, property-owner and occupier BIDs, property-owner BID and property-occupier BIDs. Each BID form is defined and discussed in more detail below.

In numerical terms, the vast majority of BIDs (98.37%) are property-occupier BIDs with property-owner BIDs having the largest mean turnover (see Table 6).

BID Form	Number in operation	Mean turnover	Std. Dev
Property Owner BIDs	3	£1,653,333	1,340,049.8
Property Owner and Occupier BIDs	2	£170,050	70,781.4
Property Occupier BIDs	298	£374,866	444,893.3
Cross Borough BIDs	0	N/A	N/A

Table 6: Legal forms of BIDs and their turnover

4.1.1 Property-occupier BIDs

The vast majority (98.3%) of BIDs in UK fall under the category of property-occupier BIDs, where the business that occupies the property in the BID area pays the levy (i.e. the eligible ratepayer). As the most dominant form, property-occupier BIDs vary in size and scale, as they represent a diversity of places. The smallest BID, in terms of turnover, is currently £17,500 and the largest is £4,100,000. The mean average turnover is £393,386 but the standard deviation is 445,171, demonstrating that a 'typical' property-occupier BID is a misnomer.

4.1.2 Property-owner BIDs.

In nearly all of the UK as noted above, it is occupiers of properties who pay the BID levy. However, since 2014 in London, BIDs can be established where it is property owners only who pay the BID levy. However, in line with the underpinning Business Rate Supplement legislation, the property-owner BID has to be 'overlaid' on a property-occupier BID.²¹ An example of a property-owner BID is New West End Property BID, which is designed to actively increase property values and commercial returns and to leverage additional funds to deliver a long-term place making strategy by working together with the property-occupier BID of the same name). The New West End Property BID has a clear focus on strategy, advocacy, public realm improvement and development. It also seeks to be a voice for the area in promoting the global profile and positioning of the West End.

Currently there are only two other locations with property-owner BIDs in London; Leicester Square and St James & Piccadilly. Collectively, property-owner BIDs represent less than 1% of all BIDs in the UK. This is because the owner-based levy model is only currently applicable where an occupier BID exists alongside a Business Rate Supplement as defined within the Business Rate Supplement Act 2009. When BIDs were introduced to the UK, the British Property Federation and others sought to include property owners in developing and paying for BIDs. There has remained an interest from property owners in this, particularly in the major cities. Recently, in 2018 the Business Rate Supplement has been extended to four other English Combined Authority areas so this act as a further stimulus to the growth of the industry.

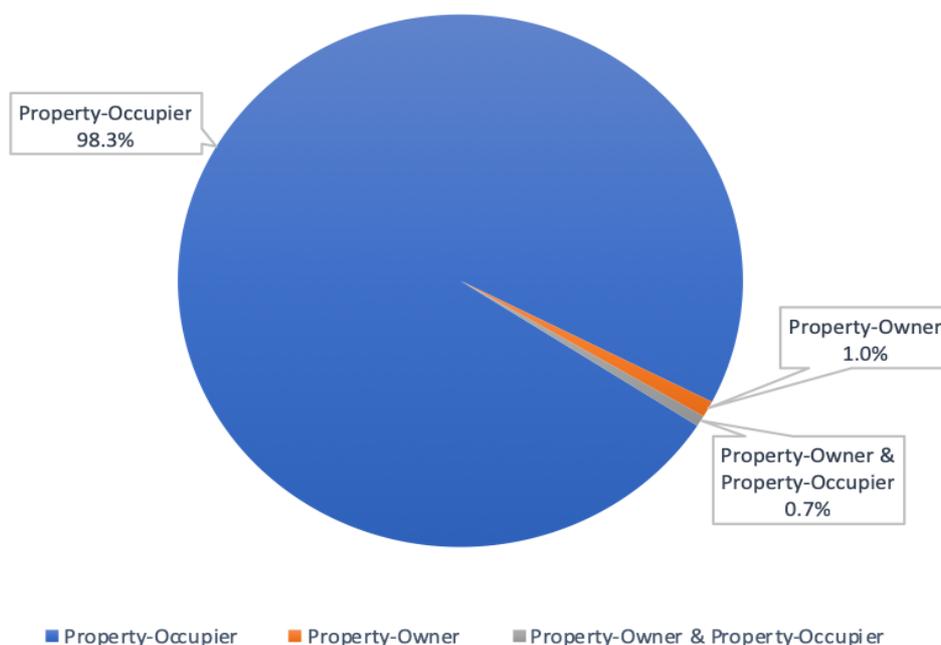


Figure 7: BIDs by their legal

²¹ <http://www.legislation.gov.uk/uksi/2014/3204/contents/made>

4.1.3 Property Owner and Occupier BIDs (Scotland only)

The option exists in Scottish legislation, to apportion the levy charge between owners and occupiers, as long as this is stated in the levy rules, before the BID is established. From our review, we have identified two Scottish BIDs that have actively engaged property-owners in this way - Inverness City and Clacksfirst. Property owners may well be levy payers in more Scottish BIDs as the constituency for all ballots is drawn from an Assessors List, which includes both property occupier and owner. However, an owner only becomes a voter and levy payer if there is no 'eligible tenant' in place at the time of the ballot (Scotland 2009). In this respect, property owners are proxy occupiers, therefore, we class the majority of Scottish BIDs as property-occupier BIDs (see above).

4.1.4 Cross-Borough BIDs

As mentioned previously, in 2013 the English Regulations were amended to enable 'Cross-Borough' BIDs.²² This title is perhaps slightly misleading in that BIDs can (and do) operate across local authority boundaries in all country jurisdictions irrespective of this regulation amendment (see, for example, Segensworth and Waterloo). The 2013 amendment merely allows for the combination of two or more local authority areas, in England, into one set of BID arrangements (i.e. one ballot, one levy collection/budget etc.). However, despite this change in the regulations, at the time of writing and to the best of our knowledge, no location has used this legislation. This may be because although Local Authorities are willing to work together they are not comfortable with nominating one lead authority to operate all BID arrangements. Therefore, in the case of Waterloo BIDs, Lambeth and Southwark Councils work together, but independently fulfil their statutory duties in terms of ballots and levy collections etc. within their discrete jurisdictional areas. However, the BIDs themselves are jointly managed and branded to the levy payers and wider community as 'We Are Waterloo'.

4.2 Self-definitions of property-occupier BID types

Whilst in legal terms there are four forms of BIDs, the vast majority of BIDs are property-occupier BIDs. As we have already seen, these BIDs are very heterogeneous, as in practical terms, the flexibility in the legislation allows BIDs to cover vastly different spatial areas and include (or exclude) different sizes and types of businesses as levy payers.

The framework that enables BIDs to define their scope is contained within Schedule 1 of the BID Regulations (England)²³, (Wales)²⁴ and (Northern Ireland)²⁵ (clause c, d and e) as follows –

(c) a description of the geographical area (including a map showing that area) in which the proposed BID arrangements are to have effect;

(d) a statement of whether all non-domestic ratepayers in the geographical area or a specified class of them are to be liable to the BID levy, an explanation of how the amount of the BID levy to be levied is to be calculated and an explanation of whether any of the costs incurred in developing the BID proposals, holding of the ballot or implementing the BID are to be recovered through the BID levy;

(e) a statement of the specified class of non-domestic ratepayer (if any) for which and the level at which any relief from the BID levy is to apply;

²² <http://www.legislation.gov.uk/uksi/2013/2265/contents/made>

²³ <http://www.legislation.gov.uk/uksi/2004/2443/schedule/1/made>

²⁴ <http://www.legislation.gov.uk/wsi/2005/1312/schedule/1/made>

²⁵ <http://www.legislation.gov.uk/nisr/2014/143/schedule/1/made>

As can be seen, the BID legislation is broadly non-prescriptive; however, ‘eligible ratepayer’ status is the only mechanism that can be utilised for charging purposes (except in the case of Scotland where owners can also be charged). It is down to each potential BID to decide the appropriate geographical boundary and the basis of a charging formula. Contrary to some misconceptions, there is no obligation to utilise rateable values as the basis of charging; a location could decide to base their levy on any number of principles such as employees, floor space, bed spaces for hotels or even just a flat fee. However, in practice (to the best of our knowledge) all utilise rateable values, as it is believed to be the fairest and most transparent means. There is also total flexibility for a location to consider how to treat each sector/type of potential levy payer, and thus different business categories could be included, discounted exempted, or charged on the basis of sector-specific indicators (such as room occupancy or number of covers) as appropriate. On a practical level, the important consideration here must always be on aiming for simplicity, fairness and transparency, to ensure businesses understand and appreciate the approach when being invited to vote on the proposal.

Because of the diversity of different BIDs across the industry, it has become common practice for property-occupier BIDs to self-identify within certain classifications of BIDs, depending on the dominant land-use within their geographical area and the subsequent levy payers. Their self-identification of BID type draws from the following categories; *Town centre, Commercial, Industrial, Leisure, Retail, Tourism, and Other*, and the distribution of BIDs in these categories, and is shown in Figure 8.

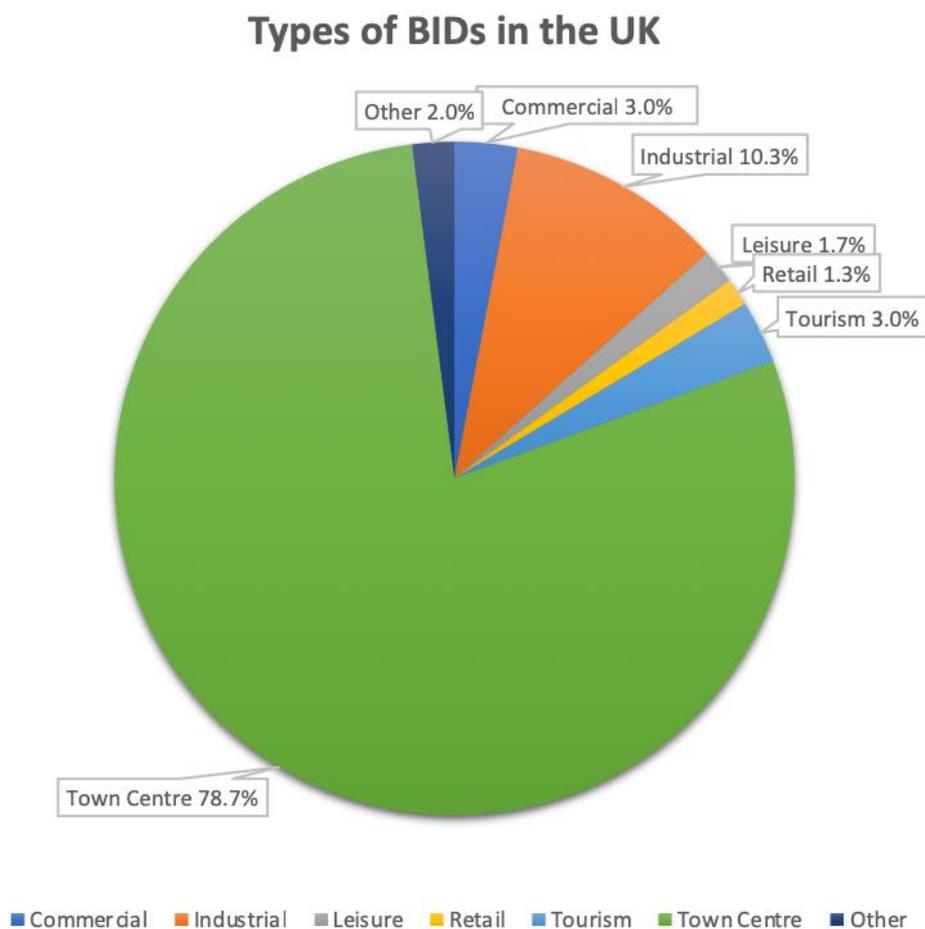


Figure 8: Distribution of BIDs by self-defining categories

By far the largest category of BID types are those relating to Town Centres (78.7%), with the second largest category being Industrial BIDs (10.3% - relating to industrial estates, business parks etc., often located on edge-of-town or out-of-town sites). Other types of BID types also exist: these include Commercial BIDs (3%), Tourism BIDs (3%), Leisure BIDs (1.7%), Retail BIDs (1.3%), and other (2%). The average annual estimated income, per BID type, is shown in Figure 9. Those BIDs that self-define as commercial generate the highest income (£951,980), over seven times the income of industrial BIDs (£140,312), the BID type that generates the lowest average annual income.

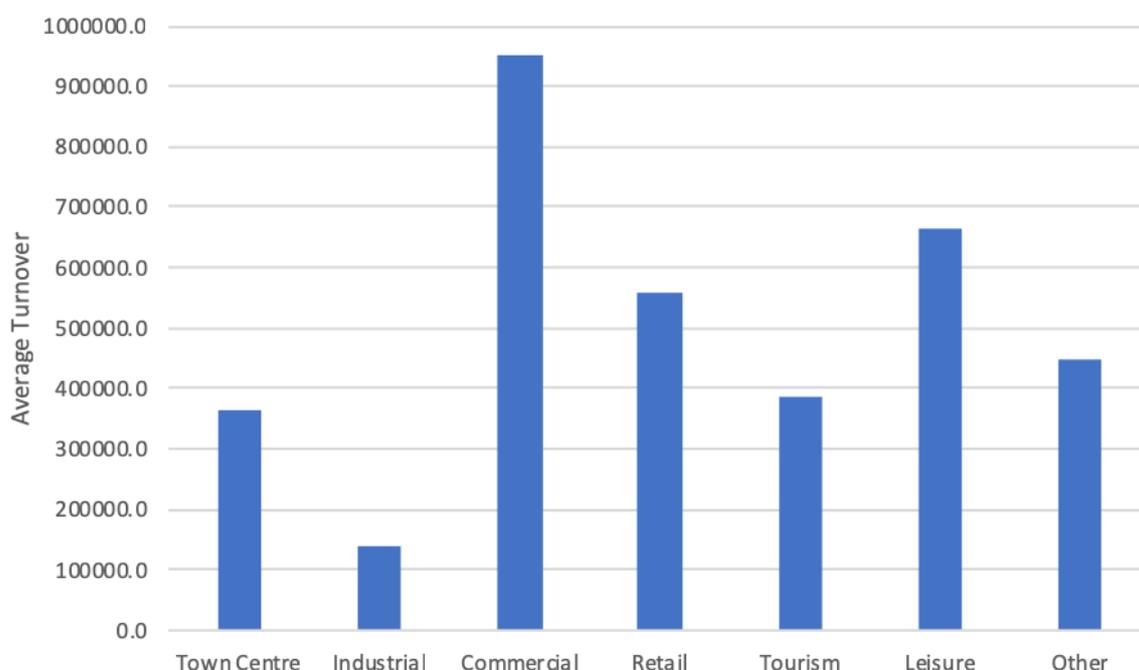


Figure 9: Average annual estimated income per Property-Occupier BID type

Nevertheless, this average annual income data must be considered with two caveats. First, the uneven distribution across self-defined types; there are 237 town centre BIDs compared to, for example, four leisure BIDs. Second, the variation of levy income within types. For example, the annual income for commercial BIDs varies from £70,000 to £2,280,000 (see Table 7).

Type of BID	Mean (£s)	Minimum (£s)	Maximum (£s)	N	Std. Deviation
Town Centre	365,220	20,000	4,098,000	235	444421.4
Industrial	140,313	30,485	520,000	25	116132.3
Commercial	951,980	70,000	2,280,000	9	656043.4
Retail	557,603	275,842	1,180,000	4	426390.4
Tourism	387,764	125,000	600,000	9	171671.4
Leisure	664,470	36,378	1,608,500	4	670791.0
Other	911,257	17,500	1,152,000	6	454995.3
Total	387,920	17,500	4,098,000	292*	474779.5

Data based on estimated levy income taken from BIDs' business plans
*Missing data on 8 BIDs

Table 7: BID income by BID type

We go on to explore the characteristics of the different categories of BID that BID use to define themselves, in terms of the dominant land-use/levy payer and/or geographical focus of the BID.

4.2.1 Town and City Centre BIDs

As we have seen, one of the key drivers for the introduction of BIDs into the UK came from those already involved in the management of town and city centres. It is, therefore, not surprising, that this is where the majority of BIDs are located (77.9% in December 2018). BIDs have already been unanimously adopted by major population and economic centres, with 42 town centre BIDs in London and at least one BID in all of the UK core cities. We currently count just over 260 BIDs in town and city centre locations, but estimate there at least 1200 such centres in the UK and Ireland (972 in England alone according to information from MHCLG). BIDs are, therefore, a far from ubiquitous aspect of place management infrastructure, and, given the current challenges facing many town centres and the recent recommendations for improved place leadership from UK Government, we may see more BIDs developing. Indeed, the Minister for the High Street called for an increase in the number of BIDs in evidence to the Parliamentary Inquiry into the High Street in January 2019 (Parliament 2019).

Town or city centre BIDs cover some or all of the core commercial area of a town or city centre. The areas are self-defined by those developing the BID, but are predominately focused on streets that have potential levy payers within them. Some of the larger city centres have just one central BID such as in Newcastle, Leeds and Dublin. Newcastle's BID, NewcastleNE1 has well over 1,000 levy payers taking in the entire centre including waterfront, universities and football stadium. Leeds BID has around 1,000 in roughly a square mile at the heart of the city. In Nottingham, there were initially two BIDs in the city centre, one focusing on retail and one on leisure, and both merged into one BID, Nottingham BID in 2012. A different approach is adopted in Birmingham, where a number of BIDs have been established in different quarters of the city centre (e.g. Retail BID Birmingham, Colmore BID, Westside BID, Southside BID and Jewellery Quarter). These BIDs reflect the different interests and activities of these areas. A similar approach is currently found in Bristol (with Broadmead BID and Bristol City Centre BID), Belfast (Central and Cathedral Quarter BIDs) and Derby (Cathedral Quarter and St Peters Quarter BIDs). Meanwhile, across central London, almost 20 BIDs operate in adjoining areas across the central activity zone.

Away from the largest cities, it is more usual to have a single BID operating in a town centre. However, in a number of locations, a town centre BID has an adjoining tourism/leisure orientated BID covering a larger geographical area of lower density commercial activity (e.g. Plymouth City/Waterfront, Bournemouth town/coastal, Great Yarmouth/Greater Yarmouth, Inverness/Inverness and Loch Ness).

The range of activities undertaken by town and city centre BIDs is quite broad. Analysis by the Institute of Place Management in 2018 compared the activities of 19 BIDs in Scotland against the 25 priorities for improving town centre vitality and viability identified in earlier research (Parker et al, 2017). By reviewing information contained within BID business plans, the research found that all were undertaking place marketing, 95% were taking actions to promote networks and partnerships, 89% working to promote the visual appearance of the town or city centre and 84% working on initiatives to improve place attractiveness. Nevertheless, there were important initiatives that were being undertaken by fewer than 25% of BIDs; developing and supporting anchors in the centre, promoting diversity and multifunctionality, balancing chain versus independent retailing, and enabling the adaptability of spaces and property within a centre.

4.2.2 Industrial and Business Park BIDs

The second largest group of BIDs is industrial and business park BIDs and amount to just over 10% of BIDs. These are usually in a defined industrial estate or area, or a designated business park. Although they vary in scale, generally they have fewer levy payers than town centre BIDs and have a smaller budget. They can be very focused over a relatively small area. One such example is Kimpton BID in Sutton, south London, which enters its third term in 2019 having achieved majorities of 98% by number of voters and 97% by rateable value on a turnout of 51% at its latest ballot. There are under 100 levy payers and the BID is very clear that crime prevention is its number one priority. Camera systems have been installed, security patrols introduced, and close liaison with the police has proved effective in reducing crime. The BID has also campaigned for, and part-funded, infrastructure improvements and installed reliable broadband. In addition, it provides information for levy payers. The annual levy is around £65,000; and the BID is run by volunteers. A somewhat different example is Manor Royal BID, which covers 540 acres near Crawley. The BID entered its second term in 2018. This BID has also invested in new cameras and other security initiatives, physical upgrades to gateways and approach routes, signage and wayfinding, but has also invested in significant research on transport, access, parking, economic impact, skills and recruitment, and undertakes marketing and promotion of the park. The BID works to support its businesses through training and recruitment and being part of the local growth programme. The BID will spend some £2.8 million on improving the trading environment in its current five-year term.

4.2.3 Commercial BIDs

The next largest category is Commercial BIDs; however, these only represent 3% of all property occupier-BIDs. A commercial BID is focussed on commercial properties; offices. An example of a commercial BID is Team London Bridge, where the dominant land-use within the BID area is commercial. Nevertheless, in the case of Team London Bridge BID, payment of the BID levy “is compulsory for all businesses within the boundary of the London Bridge (BID) area that occupy premises with a rateable value of £10,000 or more”.²⁶ The only hereditaments excluded are (in common with many other property-occupier BIDs) advertising hoardings, communications stations/telecom masts, schools, places of worship and ATMs. In other words, retailers, food & beverage outlets, hotels and other occupiers are included in Team London Bridge BID. Although their numbers are small, the start-up of individual commercial BIDs is fairly evenly spread across the last ten years, suggesting that they are established in response to a perceived need in a place, rather than driven by any campaign from any sector representative body (for example, the British Council for Offices).

4.2.4 Tourism BIDs

Three per cent of BIDs define themselves as Tourism BIDs. These are usually spread over a larger geographical area. Unlike other types of BIDs, some tourism BIDs do exclude certain types of levy payers, meaning that they are more *sector*-focussed, rather than *place*-focused. English Riviera Tourism BID, Wight BID and Yorkshire Coast BID have sector-specific levy rules focused only on tourism and tourism-related businesses. Beyond those three BIDs, it is believed that Inverness and Loch Ness BID and East Lothian Food and Drink BID (both in Scotland) may also have sector-specific rules, but data to corroborate this has not been found in the public domain.

At least three Tourism BIDs have been formed post 2016, possibly as a consequence of a cut in funding to Destination Management Organisations, and in response to an active campaign by Visit

²⁶ <https://www.teamlondonbridge.co.uk/default.aspx?m=3&mi=286>

Britain and Core Cities, 'Introducing Tourism Business Improvement Districts in England' as evidenced by the English Riviera Business Improvement District (ERBID)²⁷:

"The primary reason for setting up the ERBID was to provide sustainable funds for professionally coordinated Destination Marketing ensuring the vacuum left following the closure of the English Riviera Tourism Company was quickly filled"

4.2.5 Leisure BIDs

Less than 2% (1.7%) of BIDs define themselves as 'Leisure BIDs'. These BIDs are focussed on leisure and the evening economy. Examples include Nottingham Leisure BID before its merger with the Retail BID, Birmingham Westside around Broad Street, Heart of London's Leicester Square to Piccadilly Circus BID and All in Sauchiehall in Glasgow. Akin to commercial BIDs, these BIDs are merely reflective of their dominant activity/use within their jurisdictional area. Their levy rules are not sector specific, and their delivery of services is usually as broad as a town centre BID, with some specific projects and initiatives tailored to leisure levy payers. For example, leisure BIDs in Nottingham, Birmingham and Heart of London grew, in part, as a result of night time management pressures and the potential threat of a Government-imposed Alcohol Disorder Zone (ADZ). In these locations, a BID was perceived to be a more effective route to managing the night-time economy. Therefore, the 'threat' of a night-time levy can be said to provoke the establishment or continuation of some BIDs. There are only limited examples where a night-time levy has actually been applied on top of a BID levy, Newcastle and Angel (Islington) being two such examples, but other locations have actively managed out the concept. For example, in Nottingham, the BID agreed an exemption with the Council to ensure the BID levy payers would not be required to pay an additional night-time levy. By way of contrast in Reading, a levy rule was drafted requiring night-time businesses to pay a higher BID levy (3% compared to 1%) on the condition that the funds were ring-fenced for night-time activity use and that a night-time levy would not be imposed. In both of these locations, there has been no night-time levy imposed.

4.2.6 Retail BIDs

Although many town centre BIDs have significant funding from the retail sector, there are also examples of BIDs in cities where BIDs have a more specific retail focus. Retail BID Birmingham is one such example. Its area is focused on the city's retail core and it adjoins other BIDs that cover commercial and leisure areas of the city. The focus of their activity is to offer a welcome to the city, to provide an experience and to offer business support and provide initiatives to facilitate business growth. Their business plan sets out how they will work with independent retailers and national names, as well as for the hospitality, food and drink and banking and professional services sectors. In the five years to 2022, Retail BID Birmingham will invest £2.67 million in the city.

4.2.7 Other BIDs

Finally, there are several BIDs (2%) that do not fall into any of the categories mentioned above. These are BIDs that are focusing on more than one business aspect in their respective boundaries, such as Liverpool Retail and Leisure BID. Furthermore, other BIDs are working towards promoting local products for the food and drink sector (East Lothian Food and Drink), or by focusing predominantly on placemaking initiatives within a broader geographical area (North Notts BID).

²⁷ <http://www.englishrivierabid.co.uk>

Specifically, North Notts BID's goal is to serve different communities by matching resources to the needs of businesses, people and places by creating an inclusive and collaborative place management approach²⁸. It remains to be seen if more developing BIDs will follow a similar 'placemaking' trajectory in their future business plans.

4.3 Summary

The BID industry has grown substantially over the last 14 years, with a period of more exponential growth from 2012. In Section 3.1., we looked at different drivers of growth but by reviewing the different types of BIDs, and it would appear that, first and foremost, BIDs are seen as a mechanism to solve barriers to growth and to make improvements to the trading environment, in the 'enabling' spirit of the legislation that introduced them. That BIDs have been voted in by levy payers in London and the core cities, as well as a variety of other places (small towns, industrial parks etc.) shows that it is the levy payers (predominantly property occupiers) deciding if a BID should begin, as there is no such thing as a 'typical' BID. Nevertheless, we have identified two ways by which BIDs can be grouped. First, they can be classed by their legal form. Our review of the legislation identifies four forms of BIDs: Property Occupier, Property Owner, Property Owner and Occupier, and Cross-Borough. However, the great majority of BIDs (over 98%) are property occupier BIDs and one legal form (Cross Borough BIDs) has never been used.

The second - and more common - form of grouping BIDs is by their self-defined type. As we have already seen, BIDs can be large or small (in terms of hereditaments or budgets), they can represent vastly different land-uses, covering town and city centres, commercial or leisure/entertainment districts, industrial estates, or even beaches. They can be inclusive, representing levy payers of many different types, or exclusive, focussing on just one particular sector, such as tourism. Unfortunately, there is currently no consistency in the ways BIDs self-define their type. This makes comparisons and further meaningful analysis impossible. For example, out of the nine BIDs that self-identify as tourism BIDs, only four of these actively exclude other businesses (in other words, only four focus solely on tourism businesses). New proposals are being brought forward for other kind of 'sectoral' BIDs, with the proposed development of digital improvement districts in Newport, South Wales and Cupar, Scotland. By being sector based rather than place based, it is likely that different characteristics will emerge as these BIDs develop, and this will be particularly so where they cover large geographical areas. We think that understanding how their role and remit evolves and the relationship or otherwise with their place management experience will be important to study over the next few years. Recent research (e.g. Millington et al, 2015) identifies that the successful regeneration of many towns and cities is dependent upon adopting more of a multifunctional economy, based on more diverse land-use (residential, commercial, retail, leisure, health, education etc.). We would expect that a BID that focuses on one particular sector, or excludes certain sectors, is unlikely to be able to manage this transition to multi-functionality as effectively.

Ultimately, the focus of the BID will be determined by the levy payers. Therefore, a better understanding of what types of businesses are paying the levy, in each location, would be useful information and, perhaps, a more objective way of classifying the BID. Nevertheless, this would require detailed analysis of the hereditaments for each BID, which is outside the scope of this current study. Therefore, we recommend that a new way of classifying BIDs, that is not so open to interpretation, is adopted by the industry, to enable comparison and analysis to be undertaken. By using the criteria of the *inclusivity* of the BID and its *geographical focus*, four different BID types can be identified. See Figure 10. The resulting different BID types are discussed in more detail below.

²⁸ <https://northnottsbid.co.uk/wp-content/uploads/BID-brochure-A4-web.pdf>

4.3.1 Type A BIDs

Type A is the most common form of BID as it contains all the town centre BIDs, industrial BIDs and other BIDs that do not charge a levy based upon business type. They are inclusive and are focussed on a tightly focussed geographical area, though they may have levy thresholds that mean that smaller businesses are not required to pay the levy. They are likely to undertake most place management activities, including place making, place maintenance and place marketing. Because of the diversity of levy payers, improvements are likely to be made that benefit the whole location, rather than specific business groups. Therefore, these BIDs are likely to focus on initiatives relating to cleanliness, appearance, safety and attracting footfall (in the case of town centre BIDs) and infrastructure (in the case of industrial BIDs). In other words, interventions that are going to benefit all the businesses in the BID area. Examples of Type A BIDs include both town centre (such as Ballymena, Bournemouth town centre, Glasgow Byers Road and Lanes, Gloucester Road Bristol) and industrial (Cater, Hartlepool – Longhill and Sandgate, Linlithgow Mill Road) BIDs.

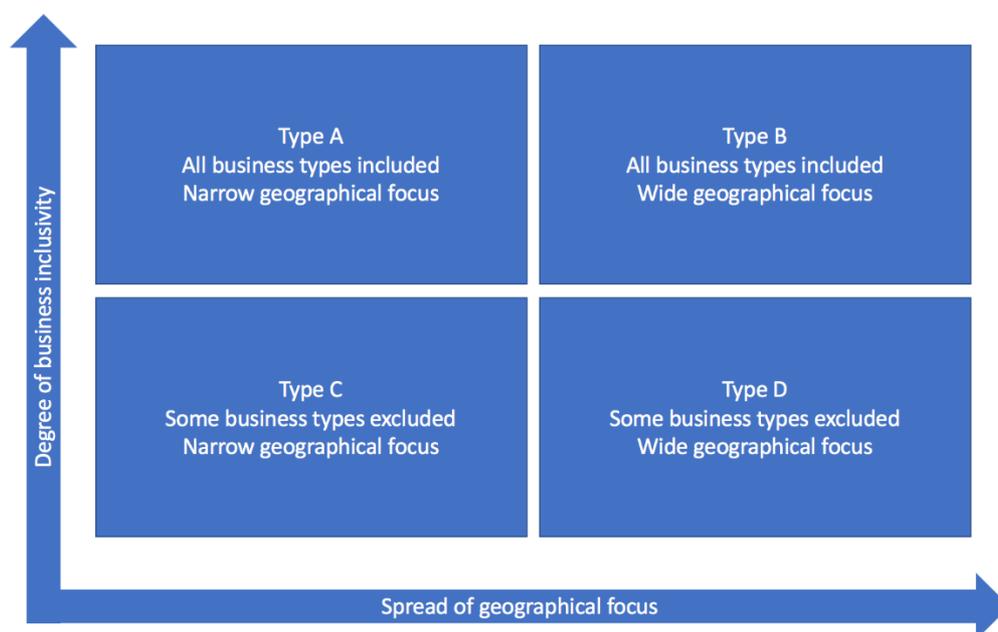


Figure 10: Types of BIDs based upon level of inclusion and geographical focus

4.3.2 Type B BIDs

Type B BIDs, like Type A BIDs, include all types of business in their levy but cover a wider geographical area, therefore the BID is more likely to focus on place marketing activities, for example, the building of a regional place brand. Examples of a Type B BID include Bournemouth Coastal and Plymouth Waterfront.

4.3.3 Type C BIDs

Type C BIDs are focussed on a tight geographical area, but unlike Type A BIDs, these BIDs exclude some business types, and are, therefore, more sector focussed. These BIDs will focus on interventions and projects that benefit a particular business type; for example, attracting shoppers (for a retail BID) or attracting visitors (in a tourism BID). However, the identification of projects that benefit one type of business could possibly impact negatively on other types of business in the same area. For example, attracting more shoppers (in a retail BID) may have a detrimental impact upon the commercial businesses (e.g. pressures on parking) that are not paying a levy.

Examples of Type C Bids include New West End Company (retail), Liverpool Retail and Leisure BID (mix of retail and leisure), and Belfast Central (commercial).

4.3.4 Type D BIDs

Type D BIDs are also focussed on a wider geographical area, but only focus on the needs of specific businesses, currently tourism businesses. Again, the wider geographical remit means that activities are more likely to be marketing-, rather than placemaking- or maintenance-orientated. In addition, the attraction of particular types of consumers (e.g. visitors) may put pressure on particular locations and types of infrastructure, which may be under the management of other organisations. Examples of Type D BID include English Riviera Tourism BID, Inverness and Loch Ness Tourism BID.

Identifying BIDs by their types will help to compare and contrast BIDs. For example, Type C and D BIDs may find it easier to engage with businesses that are in a similar sector, therefore they may return better ballot results than Type A and B bids. There may also be other ways to classify BIDs that will be identified if further research or policy practicalities identify a need. This could, for example, be by term, by size of levy, by voluntary contribution raised, or other pertinent factors, but any such classification needs to identify differences between BIDs that are material.

5. Analysis of BID ballot results

A successful ballot result is crucial to initial formation - and the ongoing development - of any BID. Figure 11 below, indicates the results of BID ballots (for all types of BIDs) in first, second, third and fourth terms in relation to voter turnout, the percentage of businesses voting 'yes', and the rateable value (RV) of businesses voting 'yes' in favour of establishing a BID. Figures are provided below which allow a comparison between ballot results for first ballots, and for subsequent ballots.

5.1 Ballot results by term

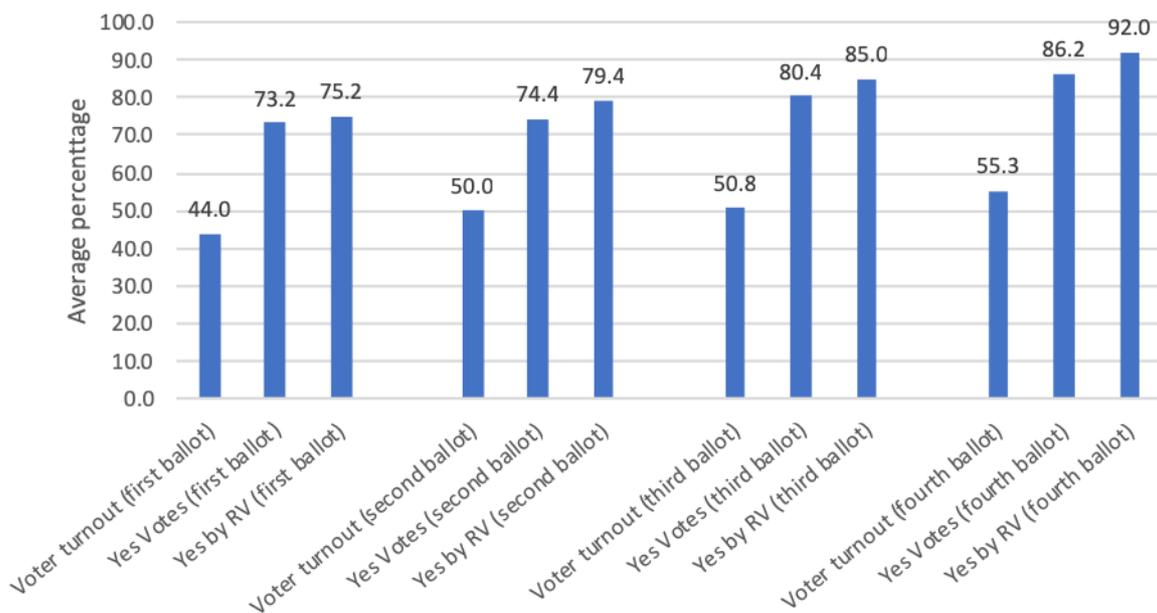


Figure 11: BID Ballot results by term

To compare results between first and subsequent ballots, a statistical test (ANOVA)²⁹ was used to see if there are any significant differences in ballot results across three terms. In this specific context, the ANOVA test determines whether there are any statistically significant differences between different ballot results over time.

The mean values (in %) and standard deviation (s.d.) of voter turnout, ‘yes’ votes by number of businesses and ‘yes’ by rateable value votes for the BIDs, which have been through three terms, are displayed in Table 8 below.

Results from the ANOVA test showed that there was a statistically significant difference in voter turnout across the terms with higher turnout in terms two and three³⁰. There was also a statistically significant difference in ‘yes’ votes with a higher percentage of ‘yes’ votes in term three³¹. Similarly, the difference in ‘yes’ votes by rateable value is also statistically significant with a higher percentage of ‘yes’ votes in term three³². The standard deviations (s.d.) are relatively low, meaning that most ballot results are close to the mean values (averages) presented.

	Turnout (n=38) Mean (s.d.)	Yes Votes by number of businesses (n=54) Mean (s.d.)	Yes by Rateable value (n=44) Mean (s.d.)
Average BID ballot results - 1 st term	46.1 (9.1)	76.1 (9.9)	74.5 (11.1)
Average BID ballot results - 2 nd term	49.7 (9.8)	74.9 (12.3)	78.5 (12.1)
Average BID ballot results - 3 rd term	50.8 (10.8)	80.7 (10.6)	84.9 (9.4)
n = number of BIDs s.d. = standard deviation			

Table 8: Comparison of ballot results across three terms for all UK BIDs

When we compare ballot results across three terms, across the UK, all ballot results are improving (as shown in Figure 11). In general, as a BID is re-elected, and subsequently re-elected, more levy payers actually vote, and vote ‘yes’ by both number of business and rateable value. This is an important finding, as it indicates that local levy payers are more aware of their BID, and more supportive of them, over time.

5.2 BID Ballot Results by Country

The analysis in Section 5.1 was repeated by country, with the results displayed in Figure 12 (England), 13 (Scotland), 14 (Wales) and 15 (Northern Ireland).

²⁹ ANOVA tests are used to determine whether samples from two or more groups come from populations with equal means; in other words, do the group means differ significantly (Hair et al, 2006).

³⁰ (F(2,74) = 4.18, p=0.019)

³¹ (F(2, 106) = 7.37, p=0.001)

³² (F(2,86)=20.62, p<0.001)

5.2.1 Ballot results in England

BID ballot results, for ‘yes’ votes by number of businesses and ‘yes’ by rateable value in England (Figure 12) are close to the UK average (Figure 11), because the majority of BIDs (81%) are located in England (see Figure 3) and, therefore, the sheer volume of English results influence the overall UK average. However, voter turnout rates in England are lower than the UK average. This is likely to be because there is a minimum threshold (of 25%) for voter turnout in both Scotland and Northern Ireland, which in turn, raises the UK average for voter turnout (as no Scottish or Northern Irish BIDs will have a turnout of less than 25%).

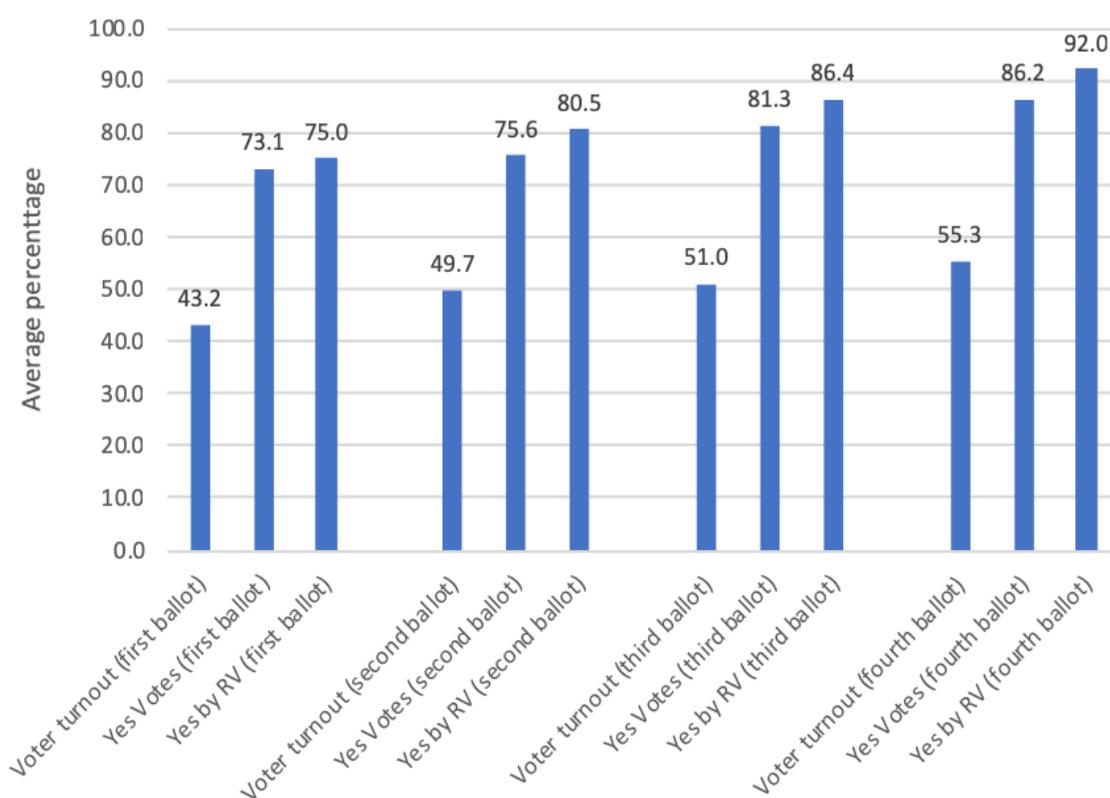


Figure 12: BID Ballot results by term (England)

5.2.2 Ballot results in Scotland

BID ballot results in Scotland (Figure 13) differ in comparison to the UK (Figure 10) as previously mentioned, in relation to voter turnout, which is always over 25%. However, this is not the only difference. ‘Yes’ votes, by both number of businesses and rateable value, drop in the second ballot in Scotland, whereas both increase across the UK as a whole. Previous research into Scottish BIDs, by the Institute of Place Management (2018), found a significant difference in ‘yes’ votes between English (excluding London) and Scottish BIDs at second ballot, and suggested that Scottish BIDs “subject to a second term may suffer from a loss of momentum and confidence from businesses” (p. 7). Nevertheless, those BIDs going into a third term in Scotland, are more successful, in ballot terms and are, therefore, close to the UK average. Out of interest, these third-term Scottish BIDs were the original ‘pathfinder BIDs’ that were supported by a government programme (see Section 2.3.3).

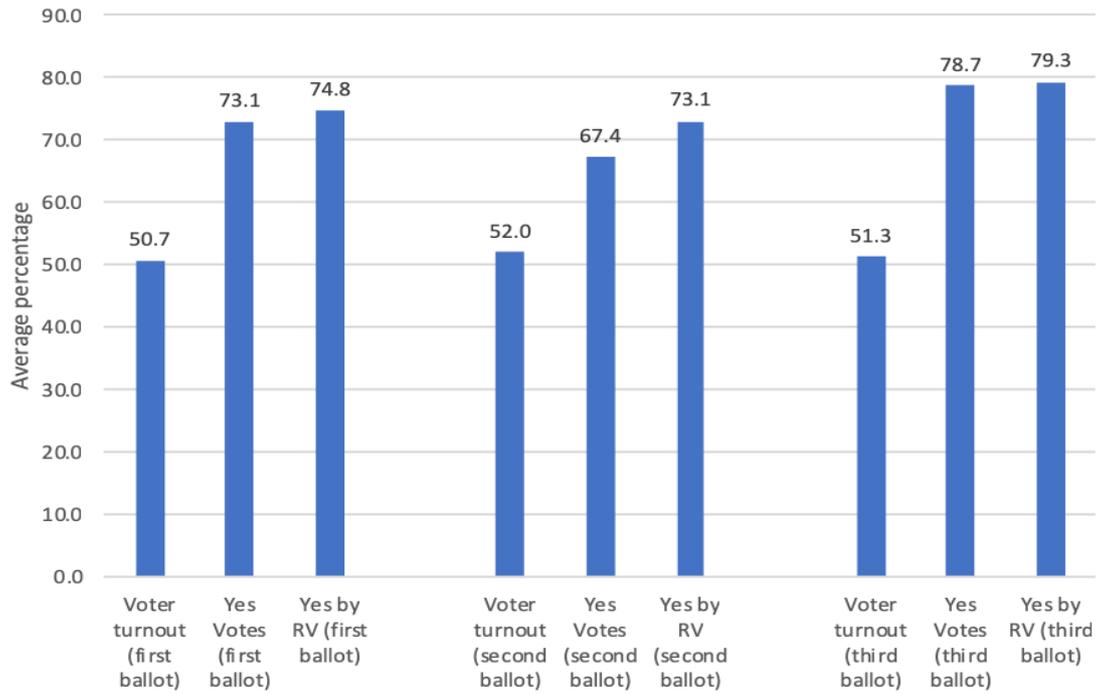


Figure 13: BID Ballot results by term (Scotland)

5.2.3 Ballot results in Wales

The average of BID ballot results in Wales (Figure 14) are lower than the UK (Figure 10), on every measure, at every ballot. Similar to Scotland, ‘yes’ votes (by number) at second ballot are less than ‘yes’ votes (by number) at first ballot, but the difference is not so marked (a 1.6% drop in Wales compared to a 5.7% drop in Scotland). All other results improve over time, with the exception of voter turnout, which drops very slightly (by 0.7%) in the third ballot, in comparison to the second ballot.

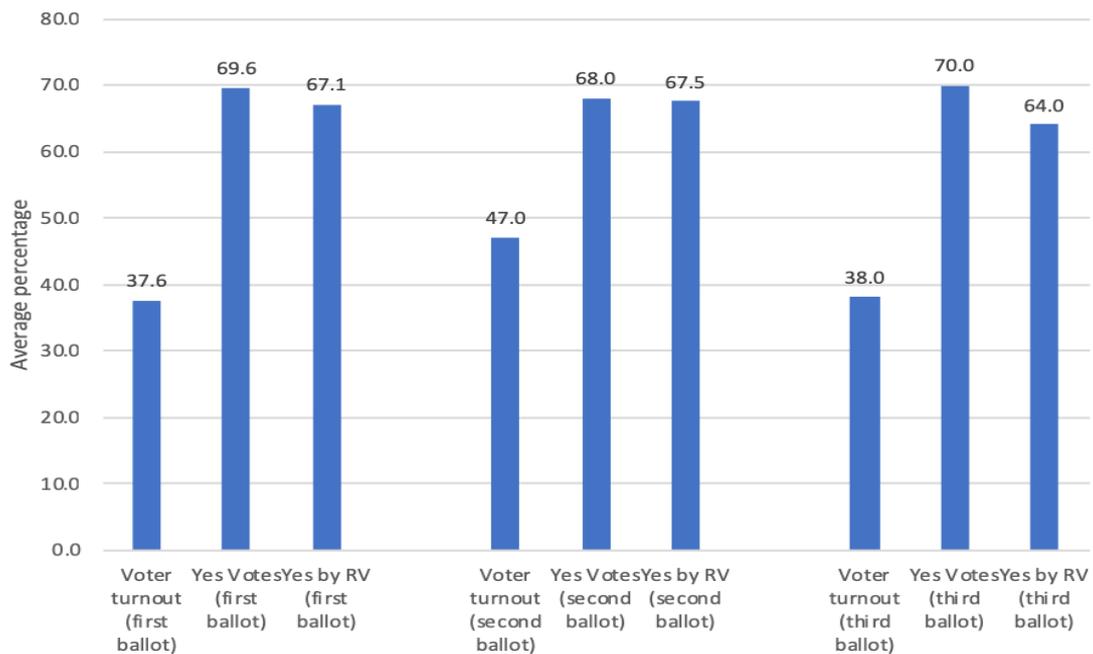


Figure 14: BID Ballot results by term (Wales)

5.2.4 Ballot results in Northern Ireland

As all (8) BIDs in Northern Ireland are currently in their first term, it is not possible to undertake a longitudinal analysis of ballot results over term. However, comparing first ballot results shows that both the 'yes' votes by number of businesses and by rateable value are much higher (more than 10%) in Northern Ireland (Figure 15) than across the UK as a whole (Figure 10).

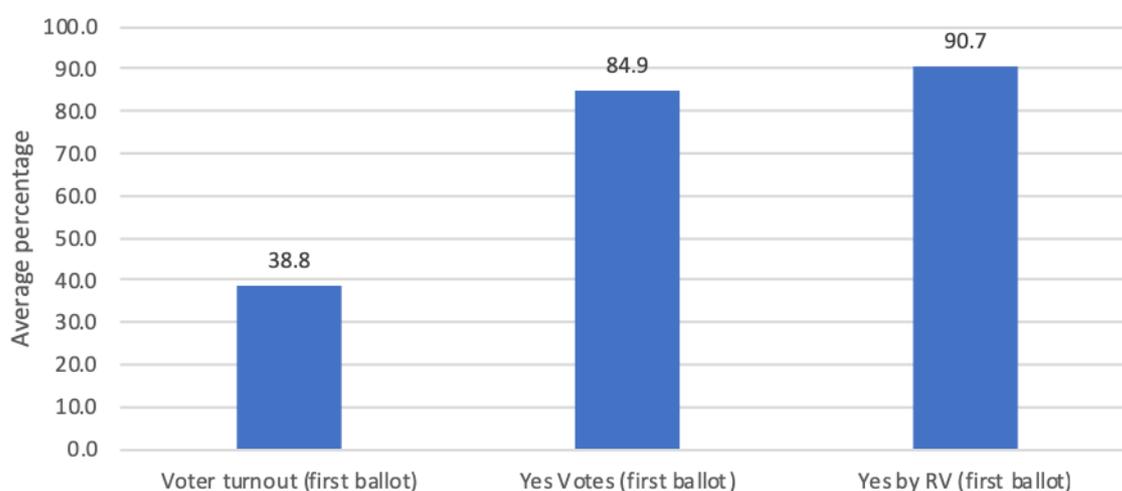


Figure 15: BID Ballot results first ballot only (Northern Ireland)

Whilst there appear to be differences in ballot results across countries, we decided to test to see whether these differences are statistically significant, with another ANOVA test. Table 9 provides the *significant* results from an ANOVA test, which compares the mean results of the first ballot by country. In terms of the first ballot, there was a statistically significant difference in voter turnout³³, in 'yes' votes by number of businesses,³⁴ and in 'yes' votes by rateable value³⁵ between countries. Specifically, Scotland has significantly higher turnout rates than England and Wales, and Northern Ireland has significantly higher 'yes' vote and 'yes' vote by rateable value percentages than England, Scotland and Wales. However, the results relating to Northern Ireland should be interpreted with caution due to the low number of BIDs there (8).

Dependent Variable	(I) Nation-Region	(J) Nation-Region	(I-J) Mean Difference	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Vote turnout on first ballot (%)	Scotland	England	7.56	1.75	0.00	2.75	12.36
		Wales	13.13	3.82	0.01	2.65	23.62
Businesses voted "Yes" on first ballot (%)	Northern Ireland	England	11.56	3.74	0.02	1.30	21.83
		Scotland	11.69	4.02	0.03	0.67	22.72
		Wales	15.15	4.94	0.02	1.59	28.71
Rateable Value of total number of businesses voting yes on first ballot (%)	Northern Ireland	England	15.28	4.11	0.00	4.01	26.55
		Scotland	15.57	4.42	0.00	3.45	27.69
		Wales	23.26	5.55	0.00	8.03	38.50

Table 9: Comparison of first ballot results across countries

³³ (F(4,276) = 6.470, p<0.001)

³⁴ (F(4,308) = 2.897, p=0.022)

³⁵ (F(4,295) = 4.675, p=0.001)

5.3 Summary

In general, BIDs are more popular as their terms progress; which is reassuring and signifies that they are perceived as making a positive contribution to the levy payers and locations that they serve. Nevertheless, Scotland and Wales do have some slightly lower ‘yes’ votes in their second term, which may be linked to the funding that has been available to establish BIDs in locations that, perhaps, would not have established a BID had the funding not existed.

Scotland has a higher ballot turnout than England, Wales and Northern Ireland, reflecting the need for a minimum turnout in the legislation. In Northern Ireland, although there are only eight BIDs, they have witnessed a significantly higher ‘yes’ votes than in England, Scotland and Wales. As identified earlier in this report (Section 2.3.4), Northern Irish BIDs have had a structured programme of support, a BID Academy, which may explain these results. Previous research (Institute of Place Management, 2018) showed the four pathfinder BIDs in Scotland, which, like the Northern Ireland BIDs, were also supported by a Government sponsored programme, also displayed improved ballot results over time suggesting “a different level of engagement between the original BIDs and their levy payers” (p.7).

6. Unsuccessful ballots and BID terminations

As shown in the last section, the story of the development of BIDs in the UK is generally one of success. However, there are a relatively small number of locations where ballots have been unsuccessful, either at the initial ballot, or at a subsequent renewal ballot. For this section, other scenarios, which have resulted in either non-commencement of a BID, or termination mid-term or at term-end (in addition to unsuccessful ballots), are also discussed.

It is difficult to be definitive as to the number of locations potentially informing this data set, as the information below is based on a range of secondary sources generated via internet searches. It is acknowledged that this analysis may be incomplete, especially relating to failure at initial ballot (i.e. because of a lack of evidential data sources as time progresses). For the purposes of analysis, the locations have been sorted by describing the type of unsuccessful ballot and termination, as outlined below (See Table 10):

Descriptors of unsuccessful ballot	Number
Unsuccessful at first term ballot	40
Unsuccessful at first term ballot but BID now established	13
Unsuccessful at first term ballot re-ballot	2
Unsuccessful at first term ballot re-ballot but BID now established	2
Unsuccessful at second term ballot	14
Unsuccessful at second term ballot re-ballot	2
Unsuccessful at second term ballot but BID now re-established	1
Total unsuccessful ballots	74
Descriptors of BID termination	
Successful at first term ballot but never established	3
BID merged	1
BID disbanded	10
Total of terminated BIDs	14

*Note – a re-ballot defines a ballot that takes place after a failed ballot

Table 10: Descriptors and number of unsuccessful ballots and terminated BIDs

The data suggests there have been a total of 74 unsuccessful ballot results, with a further 14 locations that either once had a BID but where this BID no longer operates, or where there has never been an operational BID despite having a successful ballot result. We examine each in more detail in the remainder of this section. Detailed information on first ballot results was unable to be ascertained in just six specific cases.

6.1 Unsuccessful at first term ballot

Data revealed 53 proposed BIDs that failed at their first ballot (i.e. the ballot was unsuccessful at the initial vote stage because the success thresholds by number of businesses and/or rateable values were not satisfied). In this section, we explore the 40 BID locations that have, to date, not successfully established as a BID; the 13 that have since established after a further successful ballot attempt are explored in more detail in Section 6.2.

By type of BID, 85% of the BIDs unsuccessful at first ballot that have not been established are town centre BIDs, 10% are industrial BIDs, and the remaining 5% could be described as a 'district' BID (Wellingbrough Road, Northampton) and as a 'transport' BID (Runnymede – which as a Council, attempted to use the BID legislation early on to fund a school bus service across their district, and a further re-ballot attempt on this was also unsuccessful). Of these 40 that failed first ballots, 75% failed because they failed to reach the success threshold by rateable value and of those BIDs, 43% had also failed to reach the threshold as defined in terms of number of businesses. The other 25% had failed to reach the success threshold on the number of businesses vote alone. It is not clear from these results whether the BIDs would have succeeded with different boundaries, including fewer or more potential levy payers or types of potential levy payers and this may be another useful area of further research.

Whilst there is no significant correlation between turnout and the nature of ballot failure, ($F(5,50) = 2.097, p = 0.081$) some examples do point to a campaign by small businesses to vote down the BID. For example in Brixham, where the turnout was 61%, but yes votes by number of businesses (the voting statistic most sensitive to small business voting behaviour) was 39%, in contrast to 'yes' votes by rateable value (the voting statistic most sensitive to the voting behaviour of larger businesses) being 60%. Likewise, in other locations a similar pattern was seen. For example, in Mull with turnout 61%, 'yes' by number 39% and 'yes' by rateable value 60%; Iona and Ulva, with turnout 81%, 'yes' by number 35% and 'yes' by rateable value 54%; and Warwick, with a turnout of 62%, 'yes' by number 26% and 'yes' by rateable value 47% (which is still below the minimum threshold required of 50%, but only marginally).

On the other hand, there are examples of unsuccessful town centre ballots when the yes votes by number of businesses reach the required threshold, but where the yes by rateable value vote has failed pointing to a lack of support from the larger businesses and perhaps multiples. For example. Tamworth with turnout 35%, 'yes' by number 56% and 'yes' by rateable value 26%, Shirley with turnout 38%, 'yes' by number 70% and 'yes' by rateable value 38%, Runcorn with unknown turnout, 'yes' by number 58% and 'yes' by rateable value 38%, Kidderminster with unknown turnout, 'yes' by number 72% and 'yes' by rateable value 48%, and Galashiels with turnout 44%, 'yes' by number 71% and 'yes' by rateable value 39%).

At least seven ballots failed on both counts not reaching the 50% 'yes' mark, by both number of voters and rateable value; Morpeth (35% by number and 44% by rateable value), Okehampton (23% by number and 39% by rateable value), Spalding (25% by number and 28% by rateable value), Market Harborough (42% by number and 47% by rateable value), Penarth (36% by number and 37% by rateable value), Bayton Industrial (39% by number and 37% by rateable value), and Daventry Industrial (23% by number and 15% by rateable value).

Three more failures at first ballot are worth mentioning. Malton and Norton in North Yorkshire was an early attempt (2006) at joining two town centres together within one BID arrangement and in essence, one location's support was cancelled out by the other's lack of support, resulting in a marginal failure by number (45%) although success by rateable value (59%). A similar point can be made in relation to Lifford in Birmingham, which in 2015 attempted to join four small town/district centres together within one BID mechanism, and again had a marginal failure by number (45%) compared to a higher level of support by rateable value (57%). Finally, Maylands Industrial Park, despite keenly supporting the BID concept in the early development phases, when balloted in 2009 (following the nearby major Buncefield oil depot explosion), the perception of the need for a ballot in the area changed, thereby resulting in a ballot failure ('yes' by number 55%; 'yes' by rateable value 38%).

6.2 Unsuccessful at first term ballot but now established

As mentioned above, of the 54 unsuccessful first term ballots, 13 BIDs have since been successful at a further ballot, and have now been established as a BID. The BIDs have largely followed one of three paths, after the unsuccessful first term ballot.

The first path is to go back to ballot almost straight away. This seems to occur when the ballot result was a marginal failure and a successful re-ballot was held soon after (e.g. Liverpool City Central, Sutton, Torbay). The second path is to use a period of between two and four years to reflect and regroup before a successful re-ballot occurred (e.g. Exeter, Milngavie, Kings Lynn). Finally, the third path is to leave a significant period of time to 'start from scratch' (e.g. Chester, Colchester, Leicester, Gloucester, Glasgow, Shrewsbury, Southampton). In terms of type, all of these BIDs are town centre, excluding Torbay, which is more of a sub-regional BID which represents an amalgamation of three town centres and surrounding areas for the purposes of a new tourism agenda. Anecdotally and drawing from press reports, a number of these early failures were more to do with lack of appreciation of the procedures involved: for example, Liverpool was a marginal failure at the first attempt due to lack of direct contact with levy payers. After improving communications, an almost identical business plan was put out to vote just six months later, which was successful. Leicester, Sutton and possibly Glasgow could also fall into this category. Colchester was criticised for its high levy rate at the time (1.85%), which was not perceived to be value for money. Southampton was not supported by many of its non-shopping centre businesses due to the shopping centre excluding itself from the levy, and Torbay was criticised for its disbanding of the earlier town centre BIDs in favour of a regional tourism-type BID that was perceived to be losing 'local' identity.

6.3 Unsuccessful at first term ballot re-ballot

Not all locations are successful at their first term ballot re-ballot, and our research has identified two cases that were unsuccessful at both the first and second attempt. Runnymede school bus transport scheme back in 2005 had a second attempt at ballot just months after the first failure, but was unsuccessful again. The voters saw no appropriate business case justification for being asked to fund school transportation. Meanwhile, Gainsborough failed its re-ballot in 2011, just months after their first attempt and to date has not had a further attempt.

6.4 Unsuccessful at first term ballot re-ballot but now established

Both Maidstone and Southport were also very early ballot attempts back in 2005, and both also failed again at re-ballot in 2006 and 2007 respectively. For Maidstone, it was 'yes' vote by number of businesses that failed both times; anecdotally, the small business community were not behind the BID and voted it down due to a perceived lack of value for money. Twelve years later, in 2018, Maidstone has now successfully won a BID ballot. For Southport, it was the 'yes' votes by rateable value vote on both occasions that was unsuccessful, and again after a long break it has now successfully won a ballot in 2014.

6.5 Unsuccessful at second term ballot

Data shows 14 locations that have failed at their first renewal ballot (i.e. after the first five-year term) and have not gone into a second term. Ten of these were town centre and four were industrial BIDs. The first BID in the UK to fail at its second term ballot was Keswick in the Lake District in 2011 (which was a very marginal fail as it achieved 55% 'yes' votes by number and 49% 'yes' votes by rateable value). Anecdotally, it was a BID that was housed in its local authority with just part-time resource, and was not felt to be responsive enough to the needs of its business community and, moreover, was felt to be largely invisible to its business constituency.

Subsequently, there were two failures in 2012 (Sleaford, failing on both 'yes' counts; and Oldham – no ballot data available); two failures in 2013 with Boston, marginally failing on votes by number 48%; and Daventry, failing on both 'yes' counts (35% by number and 37% by rateable value). There were a further two failures in 2015; Beeston, by number of 'yes' votes (37%) and Barnstaple (no ballot data available). All of these examples appear to have failed to demonstrate sufficient engagement and value to their business communities during their first term to warrant continuation. Most recently, 2017 saw two first renewal failures in Darlington and South Queensferry, both marginal failed by 'yes' votes by number at 49% and 48% respectively.

Of the industrial BID renewal failures, 2011 saw two; Altham, 'yes' by number of businesses (49%); and Bolton Industrial (no ballot data available). 2012 saw a further two; Hams Hall, 'yes' by rateable value (42%); and Blackpool South Shore (no ballot data available). Bolton was an amalgamation of a number of distinct industrial estates within the local authority jurisdiction, and was the first BID to be hosted and run entirely by the local authority.

6.6 Unsuccessful at second term ballot re-ballot

Two BIDs (Taunton and Altham Industrial) that failed at the second term ballot went back to their levy payers and, subsequently, failed the re-ballot. Both these ballots resulted in poorer results in the second term re-ballot than they did in the initial second-term ballot. In 2011, the 'yes' results for Taunton were 52% by number and 45% by rateable value. In 2014, the 'yes' results for Taunton were 48% by number but 46% by rateable value. Likewise, in 2011, Altham Industrial's 'yes' votes were 49% by number and 52% by rateable value. By 2012, the 'yes' votes were 42% by number but 62% by rateable value.

6.7 Unsuccessful at second term ballot re-ballot but BID re-established

Of the first renewal failures, one has since been re-established following a swift renewal re-ballot taking out a large supermarket on the edge of the BID (Bedminster, 2018).

At the time of writing, there have been no ballot failures at second or third renewal.

6.8 Successful at first term ballot but never established

The data identify three locations where a successful BID ballot took place, but the subsequent BID was never established. In the case of Park Royal Industrial BID this was a cross-borough BID covering two of their three local authority areas and whilst successful at ballot in 2011 ('yes' vote by number 67% and 'yes' vote by rateable value 56%) it never commenced as a BID, anecdotally, due to resistance from the local businesses. Two further BIDs have successfully won first ballots albeit on low turnouts (Sparkbrook and Springfield area of Birmingham in 2013 on 23% and Wednesbury area of Sandwell in the West Midlands in 2017 on 31%) but have never established due to challenges being upheld by the Secretary of State based on reported irregularities.

6.9 Merged BIDs

There has been one example of a BID to date that has been merged. Nottingham Leisure BID existed before the introduction of the retail BID in the city centre. On first renewal of the leisure BID in 2012, there was a move to then merge those levy payers into the retail BID thereby creating one single city centre BID.

6.10 Disbanded BIDs

Ten BIDs have either been disbanded part-way through, or at the end of, a term of office. Three of these were during a BID term, and seven at the end of their first term.

Of the three BIDs disbanding during a term, two of these were during their first term (Abingdon 2018, with financial irregularities cited; and Hexham 2018, due to significant opposition from town-centre businesses refusing to pay the levy). Coventry Citywide 2011 was disbanded during its second term, as the BID had made unusual use of the BID legislation to incorporate a sub-region beyond the city centre, and the business plan was largely focused on infrastructure projects. At the outset of the BID, 500 of the 2,500 businesses expressed discontent with the successful ballot result and continued to raise concerns during the first term. Following a successful renewal ballot, those same discontented businesses got themselves on the company board and voted to terminate the BID. This was the first example of a BID being actively terminated in the UK by the BID Directors.

Of the seven BIDs that were disbanded at the end of a term, three were industrial; Cannock Chase and Canterbury Industrial were disbanded in 2011 and Southern Cross disbanded in 2012. Southern Cross was a very small 25 hereditament BID, which had created the necessary partnerships through term one and it was perceived that the BID was no longer needed to maintain these collaborations. A further four disbanded BIDs were in town centres. Bayswater in London was disbanded in 2015, apparently due to ongoing discontent from businesses throughout the entire first term. Torquay was disbanded in 2015 and Paignton in 2016 to make way for the newly introduced sub-regional tourism-type English Riviera BID. Grassmarket in Edinburgh was disbanded in 2017, again following discontent throughout the first term and lack of evidence of delivery due to limited funds. This area of Edinburgh is now being revisited as a new BID under the name 'Old Town'.

6.11 Summary

As shown above, the story of the development of BIDs in the UK is generally one of success. However, there are a very small number of BIDs (and potential BIDs) which have been unsuccessful, either at initial ballot, or at a renewal ballot. An additional category of 'failure' comprises BIDs that have ceased operations either part way through, or at the end of, a term of office (i.e. in the latter case, a deliberate choice was made not to seek a renewal of the mandate to operate via a renewal ballot).

Many of these results suggest a real lack of understanding of the needs of the locality and clear lack of business support for the BID model ahead of the ballot. They may also suggest that insufficient work was done to draw boundaries for the BID area that correctly identified businesses with a commonality of interest who would support the BID. Anecdotally, the ballot failures in Penarth, Morpeth and Abergavenny were fuelled by a local ‘no’ campaign and this is possibly the case for others as well. These results do demonstrate the need to fully engage with, and understand, the whole electorate for a BID before ballot.

The results also suggest that we have to be very careful with the language we choose to describe ballots and BIDs that are unsuccessful. It is important that BIDs form in locations where they are perceived to be the right form of place management organisation, as other alternative place management structures exist. For example, businesses may form more informal partnerships, or the Local Authority may create a town centre management partnership. In some instances, Community Interest Companies have been established. Failure is a very negative and loaded term, when, in actual fact, ‘failure’ to establish a BID may well be the best course of action for a location. In a similar fashion, BIDs that choose not to renew may also find an alternative structure of organisation preferable to take forward the activities of the partnership.

Therefore, we recommend that, in future the following five terms are adopted to describe the *status* of a BID: Not established, established, not renewed, merged and disbanded (see Table 11).

BID Status	Number	Descriptor	Number
Not established	45	Unsuccessful at first term ballot	40
		Unsuccessful at first term ballot re-ballot*	2
		Successful at ballot but never established	3
Established	16	Unsuccessful at first term ballot but BID now established	13
		Unsuccessful at first term ballot re-ballot, but BID now established	2
		Unsuccessful at second term ballot but BID now re-established	1
Not renewed	16	Unsuccessful at second term ballot	14
		Unsuccessful at second term ballot re-ballot	2
Merged	1	Established and merged	1
Disbanded	10	Established and disbanded	10
Total	88	Total	88

Table 11: Simplified status of BIDs

Our simplified method of identifying BID status shows 45 BIDs were never established. This is because they were either unsuccessful at first ballot, at first ballot re-ballot or have been successful at ballot but never established. For the BIDs that were never established, we can surmise that there was not enough support for the BID; and in two cases the Secretary of State intervened due to reported irregularities. BIDs that have not established have not engaged significantly with levy payers, either to explain the BID concept, agree the levy details, and/or formulate the business plan. BIDs that are not established may have been affected by a 'no' lobby, either from small businesses or large businesses – but this still suggests that the requisite amount of consultation and engagement did not take place, before the ballot was announced. There is no need for a BID to go to first ballot at a particular time, especially if it appears that the required 'yes' vote is unlikely to be achieved. Our research has shown that there are BIDs that have not established in areas where the 'yes' votes by number of businesses and by rateable value have been *exceptionally* low, such as Spalding (25% by number and 28% by rateable value), and Daventry Industrial, (23% by number and 15% by rateable value). Surely, in these cases, some informal consultation, focus groups or other forms of place intelligence may have saved the expense and effort of a ballot? More research needs to be undertaken to understand both.

Of course, when the voters return 'yes' votes that are marginally less than the 50% required, then some remedial action can be taken, in relation to who votes, the levy rate and what they vote for (the business plan). We have identified four BIDs (Liverpool City Central, Sutton, Torbay and Bedminster) where minimal adaptations of the levy rules or business plan and a swift re-ballot (either at first ballot or renewal) has resulted in an established BID. In total, 16 BIDs have been established after an initial failure at a ballot. However, those BIDs that have failed at both a ballot and a re-ballot have had to wait a long time to get established. In the case of Maidstone this was 12 years, and nine years for Southport. The scale of the failure is likely to indicate the amount of time and work that has to go into understanding the needs of the levy payers. In many cases it is likely that BIDs that have established after more substantial ballot failures may need considerable time for memories to fade and a new set of advocates to 'champion' the new BID.

Sixteen BIDs have been established but not renewed. In the majority of instances, this is because these BIDs have not delivered sufficient perceived value to the levy payers that have been funding the BID. The concern over the impact of some BIDs is summarised by 'Against BIDs'³⁶ a website that 'takes a critical look at Business Improvement Districts'.

It's all very well saying that a BID has improved security or held events, set up a website or employed wardens. What does not seem to be published however is the improvement in footfall, businesses saying the BID has helped them improve their bottom line or local residents saying they come to the shops more often. Isn't that supposed to be the whole point of a Business Improvement District? Aren't they supposed to increase footfall and customer spend to help local businesses in these difficult times? Wasn't that the whole point of there being a levy imposed on businesses?

It would appear, in at least two cases, a close relationship with the local authority has negatively impacted on delivery (or *perceptions* of delivery). For those BIDs, unsuccessful at the renewal ballot who then went out for a re-ballot (Taunton and Altham Industrial), the message back from the levy payers was clear – as the 'yes' results by number were worse the second time around.

³⁶ <https://againstbid.co.uk>

Only one BID has been merged into another BID. Nottingham Leisure BID merged into Nottingham Retail BID to create a city-centre BID in Nottingham. In Section 3.1.4, we identified the possible growth in BIDs by type. A location may develop a tourism BID, a digital BID, in theory any number of BIDs. Where more than one BID exists, we could expect them, eventually, to merge, as has happened in Nottingham. Layers of sectoral focussed BIDs, in the same geographical area, are not likely to bring about efficient and effective place management.

Finally, we have identified 10 BIDs that have disbanded, either mid-term or at the end of a term. Those that have disbanded mid-term have clearly failed to meet expectations. However, those BIDs that have not gone out to ballot for a further term have had legitimate reasons for doing so; reasons that, in one way or another, represent the interests of the levy payers. These may be because the BID is no longer needed as a structure for collaboration (as in the case of Southern Cross), or that the geographical focus of the BID changes (in the case of Torquay and Paignton). In other instances, it is because the BID has not delivered adequate benefits to enough levy payers, and the levels of negative feedback have suggested a renewal ballot is unlikely to be successful. Whilst this is a rather negative way to end a BID, we would argue that it is better that the BID is disbanded rather than limp on through an unsuccessful re-ballot.

It is worth mentioning that it is difficult to be definitive as to the number of unsuccessful ballots and BIDs, reinforcing our earlier point about the industry adopting minimum standards in terms of reporting results. Of course, in the case of BIDs that no longer exist, there is no organisation to keep data, therefore it is important that some organisation(s) act(s) a long-term repository for this data.

7. A definitive nomenclature for BIDs

This report has discussed the development of BIDs in the UK, suggesting that the BID 'industry' may be entering the mature stage of an industry life cycle. In such circumstances, it is opportune to consider the development of a definitive nomenclature, to ensure consistency in terms of how relevant phenomena are described and communicated. Consistency can be developed in relation to four key aspects: the stages of BID development, the legal form a BID takes, how different types of BIDs are described; and how BID 'failure' is categorised.

7.1 Defining BIDs by their development stage

Being able to identify what stage a BID (or potential BID) is in is important, as their priorities as well as management, governance and communication styles will be affected by the stage they are in, which we have defined as follows:

Stage 1: Interest

Stage 2: Feasibility

Stage 3: Ballot

Stage 4: Delivery

Stage 5: Disband

There needs to be sufficient support for all these stages. Our review has identified a lack of relevant information available at the *Interest* stage. BIDs are only one form of place management organisation, so it is important that councils, businesses and citizens understand the costs and benefits of establishing a BID, and can evaluate its potential against other alternatives. At *Feasibility* stage, BIDs need more support to develop the priorities for their business plan *from an evidence*

base. At *Ballot* stage, communication is important, potential levy payers need to know what they are voting for, and how to vote. During the *Delivery* stage, more could be done to help BIDs evaluate their performance and impact. Finally, there is currently no information available to guide BIDs that may need to *Disband*, either at the end of their term or during their term. Whilst BID consultants will be useful sources of information and advice during all these stages, it is important that clear guidance and FAQs should be available, in the public domain, to allow anyone interested in BIDs to understand their basic principles, rules and regulations, as well as some information about business plans, evaluation and disbanding. This information should be government-endorsed, so it is seen as impartial and legitimate.

7.2 Defining BIDs by their legal form

Our review has identified four forms of BIDs, based upon the legislation used to establish them; *Property-Occupier BIDs*; *Property-Owner BIDs*, *Property-Owner and Occupier BIDs*, and *Cross-Borough BIDs*.

The vast number of BIDs (98.37%) are property-occupier BIDs, even though other forms exist. Establishing or adapting legislation is a time-consuming and costly process. To have legal form options that are, *not utilised*, is very inefficient. In blunt terms, either these forms are: a) not needed or; b) not fit for purpose - and further research would clarify this. However, this review has identified that there are calls for alternative forms of BIDs; in particular 'stand-alone' property-owner BIDs (that are set up in areas where no property-occupier BID exists), and so-called Community Interest Districts, where residents are levy payers. With any new proposed forms of BIDs, that do not have a political 'champion', it would seem logical that the relevant government department (e.g. in England, the Ministry of Housing, Communities and Local Government) set out a clear road-map explaining the steps that proponents of different BID forms should follow. This may include stages such as articulating the problem, researching the need, prototyping and piloting etc. before engaging in discussions regarding changing legislation.

7.3 Self-definitions of BIDs

This review established that it is common practice for property-occupier BIDs to self-define their BID based on the dominant land-use within their geographical area and the subsequent levy payers. For this review, we identified seven types of BIDs, based on their self-definitions; *Town centre*, *Commercial*, *Industrial*, *Leisure*, *Retail*, *Tourism*, and *Other*. However, these self-definitions are not, in the main, based on data relating to land-use or hereditaments. Again it would seem logical that, at the very least, BIDs carry out their own analysis of their levy-payers and can identify what % of their income comes from various types of businesses. BIDs need to keep a certain amount of information on their levy payers anyway, so they can communicate with them, so we would hope that this is not too onerous a suggestion.

In future, BIDs can use this information about their levy payers to define, with accuracy, what type of BID they are (in terms of the make-up of the levy payers they serve). For example, they may be a town centre BID with (at the time of ballot) 40% retail businesses; 20% commercial and 20% food & beverage, 10% consumer services and 10% other. By including all levy payers in their description it is less likely that minority types are overlooked, in plans and communications. In addition, if BIDs were to keep information about their levy payers up to date, then it would be possible for a regular census to take place, which would help the industry evolve, and be useful to policymakers.

7.4 Defining BIDs by their inclusivity and focus

Whilst BIDs, by their very nature, should be flexible and be constituted in a way that is suitable for the areas they serve, it is helpful to develop classes of BIDs, so that they can be compared and contrasted. Two axes separate BIDs into distinct classes; the first is their level of inclusivity. At one end of the inclusivity axis are BIDs that include all business types, at the other end are BIDs that exclude all but one business type – (like tourism). The other axis is the spatial focus. At one end of this axis are BIDs that have a narrow spatial focus, like a business park or city quarter. At the other end, we would find BIDs with a wide spatial focus, like a whole coastline.

These axes can be used to identify four classes of BIDs, and is not so open to misinterpretation, like the current practice of self-defining BID type.

Type A: All business types included and a narrow geographical focus

Type B: All business types include with a wide geographical focus

Type C: Some business types excluded with a narrow geographical focus

Type D: Some business types excluded with a wide geographical focus

7.5 Defining BID failure

As well as investigate successful BIDs, this review has also analysed BIDs that have, in some way, failed – either at ballot, mid-term or at the end of their term. Close examination of each BID identifies that the establishment of a BID is not always a linear process. BIDs that fail at one ballot, may well be successful at a re-ballot. Therefore, to simplify the description of BIDs, in line with our attempt to develop standard labels, our analysis of BID failure generated five terms:

Not established: 45 BIDs have not passed their first ballots and, therefore, have never been established.

Established: 16 BIDs have been unsuccessful at a ballot, but are now established

Not renewed: 16 BIDs have been established but not renewed.

Merged: 1 BID has been merged with another

Disbanded: 10 BIDs have been disbanded, either mid-term or at the end of their term.

Ignoring those BIDs that are established or merged BIDs, 71 BIDs have either failed at their first ballot, and never been established; failed at a subsequent ballot, or disbanded. This represents 23% of the current total number of established BIDs or, in other words, for (roughly) every 3 BIDs that are currently established, 1 has either never got off the ground, or no longer exists. We think it is worthwhile to keep monitoring this ratio. Better guidance, of the type mentioned in Section 8.1.1. may decrease the number of unsuccessful BIDs. That is not to say that the goal should be to increase the number of successful BIDs. Rather, we suggest that that BIDs should not go to ballot if there is a good chance they will fail. Other place management structures exist and, in some instances, these may well be more suitable for a location, than a BID.

8. The BID literature: The main academic debates

This section of the report discusses the nature and development of BIDs - and their introduction into the UK - from a more overtly critical, academic standpoint, drawing from relevant literature, primarily in the geography and planning disciplines. The literature is structured around three main debates: BIDs and the policy transfer process; defining the BID concept; and BIDs as new forms of urban governance. The purpose of the literature review is to provide a useful summary of the academic analysis of BIDs, and combine this with our own emergent findings, to identify the fundamental issues facing BIDs (Section 9) that should then be addressed through improvements in policy, practice and research (Section 10).

8.1 BIDs and the policy transfer process

Cook (2008, 2009) discusses extensively the process by which the concept of BIDs was introduced into the UK, viewing it as an exemplar of 'policy transfer' in an urban context. He states that policy transfer "is borne out of dissatisfaction with existing domestic policies and is achieved through negotiation, persuasion and augmentation" (2008: 766), and identifies six core aspects to this process, which are discussed in the context of the introduction of BIDs to the UK. These six inter-related aspects are:

1. *The identification and construction of domestic policy problems* – i.e. relating to the fact that policy transfer is often initiated because of perceived problems with existing policy: in the case of urban management initiatives, the lack of any ability to compel relevant urban stakeholders to contribute financially to TCM schemes was seen as a potential threat to their effectiveness and sustainability.
2. *How policies are strategically selected and interpreted as being successful and appropriate* – Here Cook explains how what he terms the 'US East Coast Model' of BIDs, in particular, was considered to be successful, and was perceived as appropriate to the UK context.
3. *How models are re-embedded into, and reshaped in the new context* – Despite the belief that this particular BID model would be successful, there was acknowledgement that "these models could not simply be 'dropped' unproblematically onto towns and cities throughout England and Wales" (ibid: 786). Thus, there was a 're-embedding strategy', whereby some aspects of the 'US East Coast model' were changed, and pilot schemes were undertaken and 'good practice' guidance produced as a result. However, one aspect of the US experience was not 'transferred' to the UK; namely, the property owner-based model of BID funding. In the UK, a decision was made to 'piggyback' BID funding mechanisms onto the existing occupier-based taxation system by linking the BID levy to the business rates system. De Magalhães (2014) notes that this approach to BID funding is a result of a Government decision to define the BID levy as a surcharge on nondomestic property rates (which constitute a tax on the occupation rather than ownership of commercial properties), with implications for the amount of income raised (see De Magalhães, 2014; Hemphill et al., 2014).
4. *How and why actually existing policies are discursively used as a legitimisation tool* – This relates to the narratives and statistics developed and mobilised in support of the policy transfer process: in this context, for example, via the presentation of case studies of successful US BIDs as a means of legitimising their introduction in a new, different national context.
5. *The actors and institutions involved in the policy transfer process and their roles within this* – i.e. relating to which actors are involved in the policy transfer process, and the contingent power relations between actors and institution and places and scales involved at different stages.

6. *The exclusions and silences within the policy transfer process* – In the case of BIDs, Cook states that, “Perhaps the most telling absence from the policy transfer and rolling-out of BIDs was the lack of involvement by employees, residents and the wider public” (ibid: 788). Instead, the “institutionalisation of business leaders and the prioritisation of ‘business needs’ was legitimised through discourses emphasising the benefits of BIDs to businesses, local government and consumers alike” (Ibid: 789).

Understanding the policy transfer process is helpful if we want to understand ‘why we are where we are’ with BIDs, fourteen years after their introduction. BIDs may now be seen as solution to many problems, most often those associated with town centre decline, but they were originally ‘sold’ as a mechanism to fix one, specific, weaknesses of town centre management, the problem of ‘free riders’ (Hogg, Medway and Warnaby, 2007). Obviously, compelling all business to pay a levy eliminates this problem, but there are other issues with town centre management, which seemed to be overlooked in the policy transfer process, and, as a result, may also have been ‘transferred’ to BIDs. First was the focus on janitorial issues (Warnaby et al, 1998) at the expense of tackling more fundamental problems. Another concern is the lack of performance measurement and evaluation of TCM schemes (Hogg, Medway and Warnaby, 2004). Both of these criticisms are applicable to some BIDs.

If there are doubts that BIDs are focussing on the right priorities and ‘making a difference’, then some of these are also attributable to the way the US concept was embedded in the UK. First, the exclusion of property owners has also excluded the very stakeholders that may have a more long-term and strategic interest in the location. Including property owners would also boost the funding of a BID, giving it the resources necessary to tackle more strategic issues. In most jurisdictions where BIDs operate, the levy is charged to property owners. In some US states, such as California, the levy may be chargeable to either the occupier or the property owner depending on the specific legislation under which the BID is established (Mandell 2017). In the City of Toronto, where the BID concept was first initiated and there are now 83 in operation, property owners and occupiers have equal rights to bring forward a BID and both will then pay the levy (Ontario Municipal Code Chapter 19).

The final aspect of Cook’s (2008 and 2009) policy transfer process are “exclusions and silences within the policy transfer process”. BIDs were introduced in the political context of ‘New Labour’, which, arguably, gave preference to the voices of businesses and the private sector over citizens and the public sector. Peyroux et al. (2012: 112) regard BIDs as emblematic of these neoliberalisation trends within urban governance, stating:

“The analysis of BIDs has been more particularly located within the context of the set of new regulations, programmes and policies that characterizes the shift towards ‘urban entrepreneurialism’... By enhancing the attractiveness and the vitality of various urban areas within the city, BIDs’ strategies respond to the prime objective of strengthening the competitiveness of the city and of specific quarters in a context characterized by intensified inter- and intra-metropolitan competition”.

In the entrepreneurial city all forms of competition are to be encouraged. Therefore, BIDs were encouraged to start-up because, ideologically, it was assumed, that they would be effective. There have been a number of Government-sponsored pilot schemes and programmes for BIDs, but these have focused on i) the development and adaptation of legislation, ii) introducing predominantly property-occupier BIDs, iii) guides on how to start-up a BID. From this, we infer that UK Government has not been particularly concerned with the longer-term evaluation of BIDs, their impact, or their evolution, as the political and economic climate changes. For example, the consultation undertaken in 2015 (DCLG, 2015) to review BIDs has never been published, although some of the intelligence gathered through the exercise may have had some influence. Nevertheless, this is an example of a rather piecemeal and opaque approach to reform, which is symptomatic of a policy transfer process

that has focused on establishing BIDs and associated operational details, rather than examining 'bigger issues' such as the evolution of BIDs to ensure they meet changing economic and social goals. Only in Scotland, has there been any discussions about re-shaping BIDs, and including more community interests. This leads us on to the academic literature which discusses what BIDs actually are.

8.2 Defining the BID Concept

From an academic perspective, there is no single consensus definition of the Business Improvement District (Hoyt, 2004; Ward, 2007). However, Ward (2007: 658) states "it is possible to discern some generally agreed characteristics" of BIDs. These include (Ward, 2007):

- A partnership modus operandi between public and private sector actors;
- The existence of a clearly delineated spatial remit;
- A mechanism whereby relevant property/business owners elect to make a collective contribution (for a specific period of time) to secure private capital to fund activities within a designated commercial area in order to improve its attractiveness;
- An act of consent by the local authority(ies) for the area in which it will operate (Briffault 1999, Local Government Act 2003)
- The activities undertaken include maintenance, development and marketing/promotion.

According to Ward (2007), the generic process of establishing a BID involves the canvassing of local business opinion as to the desirability of establishing a BID *per se*, followed by a vote on whether to establish the BID. Assuming this vote is positive, a management structure comprising representatives of relevant stakeholder constituencies is created, and a strategy developed. Ward summarises the different types of strategies that can be developed (and reviewed on a regular basis) as concerning:

- Physical infrastructure - i.e. capital improvements, economic development, area maintenance;
- Promotional infrastructure - i.e. marketing to place users and other consumers, and policy advocacy;
- Surveillance infrastructure - i.e. public space regulation and security.

The generic process outlined above masks significant variations in detail, with differences in specific regulation across - and indeed within - different countries, and in some cases, localities (see Hoyt & Gopal-Agge, 2007; Ward, 2007). Furthermore, the actual amount contributed by individual businesses (normally in the form of a levy, relating to a percentage of the amount paid by individual property owners in local rates, business tax etc.) may vary considerably from place to place.

Numerous other sources of revenue (e.g. subsidies and government grants, voluntary donations or help in kind etc.) may also exist depending on the location of BIDs (see Hemphill et al., 2014; Hoyt & Gopal-Agge, 2007), but all of these additional funds are voluntary/non-guaranteed as opposed to the mandatory BID levy. Steel and Symes (2005: 325) emphasise that there "is certainly no 'one size fits all' approach", going on to suggest that this flexibility is one of the "strong points" of BIDs.

However, this strength can also be a weakness, in terms of ensuring BIDs remain *place management organisations*, in the spirit of the original legislation. New types of BIDs have formed which challenge some of the fundamental principles of BIDs. First, the specific spatial remit was intended to apply to a *business district* like a town centre, industrial park, neighbourhood of 'quarter'. Some BIDs now have a much wider spatial remit. Whilst these larger BIDs may be coterminous with a place brand, for example 'Yorkshire Coast' or 'English Riviera', it may be difficult for these BIDs to serve the very local needs of particular business districts, within this wider geography. The problems associated with expanding jurisdictional boundaries are also common to unitary authorities, or local authorities are criticised for being parochial.

The second challenge relates to both the diverse partnership model and the focus on improving a location's overall attractiveness, each fundamental principles of a BID. Nevertheless, the legislation is currently 'flexible' enough to create BIDs that only serve the interests of one particular sector. These *sectoral* BIDs could, potentially, recreate some of the problems that BIDs were intended to solve, namely siloed working (Mant, 2008) and increasing externalities. Put simply, BIDs that do not represent the diversity of land-uses within their jurisdiction are unlikely to increase the overall attractiveness of the area.

8.3 BIDs and Governance

At the end of 2018, there were 303 operational BIDs in the UK. However, despite the positive narrative around the growth of BIDs, their development and dissemination has not been regarded as totally unproblematic. Especially in relation to issues of governance, BIDs have been subject to some critique in the academic literature. De Magalhães states that, "the apparent success of BIDs as suggested by their rapidly expanding numbers should not obfuscate the complex and contentious issues that are associated with them" (2014: 917), and goes on to identify three main issues that emerge from the debates that have occurred about their role as governance mechanisms for the public realm:

- The extent to which BIDs represent the privatisation of the governance of public spaces;
- The democratic accountability in the consequent decisions involving the public realm;
- The potential exacerbation of interlocal inequalities in the provision of public services, as the ability to pay becomes a determinant of both quantity and quality of these services.

Peyroux et al. (2012: 112) identify specific elements of an overall trend of neoliberalism as being of particular significance to governance. These include:

- The establishing of new forms of public-private partnerships which serve to strengthen the role of private sector actors;

The redrawing of political and administrative territorialisations (whereby existing institutions, such as local authorities, lose their significance to some degree); There is an increasing privatisation in urban development policy (where BIDs represent a partial transfer of the delivery of public services to private sector actors). Thus, Hoyt and Gopal-Agge succinctly define BIDs as: "privately directed and publicly sanctioned organizations that supplement public services within geographically defined boundaries by generating multiyear revenue through a compulsory assessment on local property owners and/or businesses" (2007: 946). In a specifically English context, De Magalhães (2014: 916) defines the essence of BIDs as "a partnership of occupiers of commercial property within their local authority, with powers to decide on a compulsory surtax, ring-fenced to pay for additional services and improvements in their locality". Critics see this increased involvement of the private sector in urban management as part of a trend towards the greater privatisation of public space (see Minton,

2009), with BIDs complicit in the over-regulation of public space, through for example, the provision of supplemental security and maintenance services (Hoyt and Gopal-Agge ,2007: 951). Steel and Symes (2005: 326) also articulate a range of “potential problems with BIDs” relating to their democratic accountability. These can relate to operational factors, such as “who pays how much and who gets to decide how the money raised is spent” (ibid: 327), and linked to this, voting structures within individual BIDs. In a similar fashion, Hoyt and Gopal-Agge (2007: 951) are concerned with which “(t)he extent to which BIDs may be “less than democratic in their structure and operation”.

Finally, the last set of criticisms is related to the inequalities that BIDs may produce, for example the unforeseen consequences of associated ‘indirect costs’ or ‘spillover effects’; in other words, the displacement of crime and other problems to areas outside their service boundaries Hoyt and Gopal-Agge (2007: 951). In addition, Hoyt and Gopal-Agge (ibid) also question to what extent BIDs create wealth-based inequalities in the delivery of public services, arising from the inevitable concentration of efforts and resources within their spatial boundaries.

Notwithstanding this critical perspective from some academic sources, in the UK BIDs have become an important means by which urban space is managed - indeed, Hemphill et al. (2014: 681) state that BIDs “have become the favoured model for cost-effective local service delivery in the UK” since their introduction in the early 2000s. BIDs are not the only entities involved in the management of public space; other forms of governance types of structures also have their weaknesses. For example, local government is criticised for being unwieldy and bureaucratic (Peroux, 2012). It is not only BIDs that are accused of privatising public space; local authorities are too (Minton, 2009). It is councils that have the powers to introduce Public Space Protection Orders (PSPOs), not BIDs.

In a similar fashion, the criticisms of BIDs being undemocratic can also be levied at councils – with local turnout rates as low as 24%³⁷ in some local elections. Likewise, there are criticisms of councils, in relation to their planning decisions, poor consultation and decision-making (Peel and Parker, 2017). Nevertheless, improvements to the internal governance of BIDs will not come about by merely ‘pointing the finger’ at other types of organisation. It is important to accept that “BIDs have been criticized for being autonomous legal entities that are not accountable to the district’s residents, the jurisdiction in which they operate, or the BID’s business or property owner constituents” (ibid: 952). In Section 6, we discovered 71 BIDs that were not established, not renewed or disbanded. It is likely that many of these failures were due to fissures between the BID management/governance and the BID’s business constituency, which is of concern. On the other hand, there is little to suggest there is wide-scale civic opposition to BIDs, although there are certainly calls for residents and civic society to be more actively involved in them (Parliament, 2019). Finally, some property owners have been criticised for being ‘distant’ and unconnected to high street/town centre decision-making (Parliament, 2019). This has been a long-term concern, pre-dating the introduction of BIDs. Ironically, perhaps the only way to decrease the democratic deficit, in relation to the involvement of property owners, is to increase the roles of BIDs, to include property owners as levy payers. Nevertheless, this still relies on the BID being able to identify and communicate with the property owner.

Whether BIDs increase spatial inequalities any more than other forms of place management, is also untested. More BIDs have formed under political economic environment of austerity, and BIDs are to be found in both strong and weak local economies, suggesting they do not just locate in more favourable trading environments, during more periods of economic growth.

³⁷ https://www.electoralcommission.org.uk/__data/assets/pdf_file/0008/245924/May-2018-Electoral-Data-Local-Elections-Report.pdf

9. A synthesis of the fundamental issues facing BIDs

This report set out to provide a state-of-the-art review of BIDs in the UK, by reflecting on the introduction of BIDs, support for, and growth of, the industry, the forms and types of BIDs, ballot results, failed ballots and BIDs, and the academic literature on the subject. This section of the report seeks to identify issues going forward that may facilitate or hinder the evolution of BIDs, in order to develop an agenda for policy, practice and research.

In attempting to summarise the variety of influencing factors - which are inevitably interconnected - three fundamental themes are highlighted that we suggest will have the biggest impact on the development of BIDs: (1) the relationship between BIDs and Government; (2) BIDs and their governance and (3) managing the evolution of BIDs. Each is discussed in more detail below.

9.1 The relationship between BIDs and Government

As a relatively new form of urban governance, BIDs have had to position themselves in a fairly complex governance landscape with government at various levels, national, regional and local. In this section, we highlight some of the issues in these relationships. The onus cannot just be on the BIDs to improve these relationships. BIDs are only in existence through the legislation that has been drafted and adopted in order to enable them. However, in the main, once BIDs have been introduced there is little attempt to integrate them into wider governance networks, or consider them when new policy is introduced, for example, the UK's Industrial Strategy. In addition, as the BID industry matures, it perhaps requires ongoing support beyond the welcome initiatives that have facilitated BID start-ups, in order to encourage continuous improvement, good practice and the continued relevance of BIDs in the place management arena. We suggest that the focus still seems to be on providing funding and loans to establish BIDs with little recognition for their on-going development.

9.1.1 National

BIDs are important organisations to national government, as they have the potential to transform the trading environment of town centres, industrial parks, districts and quarters, or rural areas, for the benefit of businesses, as well as those that live, work or visit these locations. BIDs are now an established and legitimate form of urban management and governance and could have a more significant role to play in supporting, for example, the emphasis on place in the Industrial Strategy.

In the many locations where BIDs have a valuable role to play in place management, we recommend that national governments consider them, *alongside* local authorities. This is because many of the criticisms of some BIDs are also relevant to some local authorities. Of course, comparing poor management and governance practices in BIDs with others in local authorities does not offer any immediate solution to the places and people they let down. Rather, this suggests that voter engagement, decision-making, the management of public space, partnership working, collaboration, transparency and communication needs to improve, in general, across all organisations responsible for place management and leadership. In England, the establishment of the new High Streets Taskforce may help raise standards in these areas at local level, if it works with *places* rather than limiting engagement with just specific types of organisations (e.g. local authorities or BIDs).

BIDs are under the jurisdiction of devolved government and, therefore, need to establish relationships with their relevant policymakers. Our review suggests that Scottish BIDs have the most effective relationship. This began with a path-finder programme, then developed a national support organisation (BIDs Scotland) that has further evolve into *Improvement Districts Scotland* as the

Scottish Government, in consultation with their BIDs, identify new aspirations (more community involvement). Nevertheless, the £20,000 seed corn funding that is available to start-up BIDs may be problematic, leading to the proliferation of BIDs in areas that may not benefit from them. This funding may be more effective if it was allocated on a case-by-case basis, subject to criteria that evaluate the potential benefit of the BID.

BIDs came late Northern Ireland and the spate of positive results largely reflects the strength and breadth of existing Town Centre Management programmes. We are not sure about what happens next. With the continued suspension of the devolved government, there is no government for Northern Irish BIDs to have a relationship with. Now that the concept is established, existing BIDs and representatives of levy payers, local authorities and Universities could work together to develop an agenda that draws on wider experience in supporting forward-looking local economic policy. This agenda should be developed before the resumption of the Assembly.

In Wales, the Welsh Government communicates regularly with Welsh BIDs, hosting quarterly meetings where BIDs have the chance to discuss emerging and relevant policy initiatives from across government and to meet with service providers such as Business Wales. Welsh BIDs have a known contact within the government's regeneration unit to provide information and advice when needed. There is also funding support from the Welsh Government to initiate new BIDs. It is not clear to what extent this is integrated into economic or other relevant policy objectives. We are aware that following recent departmental changes, a policy review is being undertaken and this could look at where BIDs may be further integrated into wider policy objectives.

In England, where the majority of BIDs are located, it is more difficult to arrange productive meetings, with 237 BIDs already in existence. In addition, there have been a number of bodies that represent BIDs. This means the Ministry of Housing, Communities and Local Government did not have an effective channel to reach BIDs, and BIDs did not have an effective voice. MHCLG does have a dedicated BIDs contact within the Cities and Local Growth Unit. Nevertheless, for BIDs to be embedded more effectively into national policymaking in England then one organisation is needed to represent - and talk for - BIDs. The BID Foundation was set up, by BIDs themselves, to take on this responsibility. It is important that MHCLG and The BID Foundation work together to explore the evolution of BIDs in England, so that BIDs can contribute, collectively and more effectively to the Government policy agenda and the delivery of government programmes, such as the Future High Streets Fund, the High Streets Taskforce and, potentially, Stronger Towns.

9.1.2 Regional

The Future High Streets Fund is a national programme and, by design, it will facilitate more partnership working between BIDs and Local Authorities. However, there are other government policies and programmes that operate at a regional level in England, through the network of Local Economic Partnerships (LEPs). Currently, the relationship between BIDs and their LEPs is very weak; outside of the major cities, BIDs rarely are involved in LEPs. This is a serious omission as every BID represents a local network of hundreds of businesses, crucial to the achievement of current political ambitions, such as a modern industrial policy and stronger towns, and the MHCLG's LEP team could facilitate some initial introductions between LEPs and their BIDs. This could ensure that BIDs are better integrated into wider economic development, regeneration and policy development, which would benefit from the BIDs' active and regular engagement with a large number of businesses.

Other regional governance structures, such as Combined Authorities, may also benefit from having a closer relationship with their BIDs and regional networks of BIDs could be developed, that align to Combined Authority areas, as this will also help collaboration with the LEPs.

9.1.3 Local

In his discussion of the impact of recession on BIDs in 2012, De Magalhães identifies the implications of the relationship between BIDs and local authorities and the formal apparatus of governance as being of critical importance. In the intervening period, the significance of this issue has, if anything, increased as local authority budgets have been cut further. This has led to issues relating to operating agreements, in particular, levy collections and 'additionality'.

The nature of the operating agreements between BIDs and local authorities has fundamental strategic and operational implications, not least in terms of resources available through levy income. It is imperative that there should be an operating agreement between the BID and the contractor collecting the levy because BIDs need to know their available income, and how and when it will be received.

Levy collection charges and efficiencies of collection vary significantly, and there is no cap on the charges imposed on BIDs for collecting this revenue. Such variation will inevitably penalise some BIDs and the introduction of some form of cap on levy collection charges would be an important step in 'levelling the playing field' as far as operational performance is concerned. Beyond this, there remains a case for considering allowing BIDs to outsource their levy collection to a third party provider outside of their local authority provision. The case for this relates both to efficiency of collection and charging policies.

Whilst there is a model and rules in existence which govern this issue, BIDs must be sure they are able to collect levy income as efficiently as possible. There have been faults on both sides with regard to efficiency and accuracy of collection in the context of their actual levy rules. The Act in paragraph 46 and the BID regulations in paragraph 4 and schedule 1 specify that both the billing authority and the BID proposer respectively must specify and be clear on the BID arrangements by which a levy will be collected. This therefore puts the onus on both parties to review and accept workable rules prior to ballot and this has clearly not been done in some cases.

The business rates revaluation in 2017 particularly highlighted this issue resulting in several BIDs being unprepared and unaware their collection would move to the new list, resulting in a significant shift in their income. Those BIDs that received an increase were criticised for taking income away from small businesses who were already struggling to make ends meet. However, BIDs whose overall income decreased found some serious, unanticipated deficits. The proposed change by government to introduce business rates revaluations every three years, starting with the bringing forward of the 2022 revaluation to 2021 announced by the Chancellor in the 2018 Spring Statement, will need to be considered carefully by BIDs into the future, in terms of preparedness for the financial implications that may arise. However, either way, BIDs and their local authorities must be in a position that they jointly sign-off their levy rules as part of their BID arrangements prior to ballot.

Linked to the above is the issue of 'additionality'. Delivering additionality - over and above the service provision of local authorities - was the *raison d'être* of BIDs from the outset. However, as the lines between what should - and should not - be considered as statutory public services has become blurred, and as resources have been increasingly cut, the validity of the baseline agreements that BIDs have with local government and the police are increasingly called into question. The challenge

for BIDs is how to show added value when much of the previous support and infrastructure has been pulled away, but (arguably as a consequence) expectations of delivery by BIDs is higher than ever before. This can be seen, for example, in terms of how BIDs deal with the issue of the increasing street population, especially in many large cities. This issue could potentially have such an impact on the location that a BID cannot ignore the situation happening within its jurisdictional area. Indeed, in relation to issues such as this, BIDs are often viewed by businesses as the fourth emergency service, dealing with the local outcomes of these wider trends. Understanding such issues further and establishing as an industry what the role of BIDs should be in alleviating such problems, in an environment characterised by dwindling resource, is a fundamental issue for the industry into the future.

Whilst it is recognised and broadly acknowledged that additionality is no longer as clear-cut as in the early years of BIDs, there must still be a clear division between public sector responsibilities and the role that a BID plays utilising private sector funds. Therefore, the industry would benefit from some specific survey work and data collection on the extent of this issue together with an informed review of the baseline agreement provision currently in place.

We are also seeing changes in the roles of local authorities, which could have important consequences for BIDs. A growing number of local authorities are purchasing retail space in town centres and this may alter the nature of their role as a stakeholder that a BID works alongside. We are seeing local authorities taking action to respond to environmental challenges and technological development, and this will bring new requirements to work with businesses and BIDs as locations adapt. Sir John Timpson's recent report on the High Street (2018) described 'local leaders' as being 'from different sectors and different types of organisations' (*The High Street Report 2018* p9). As local leadership is developed within and outside of the local authority, this too may change relationships between BIDs and local authorities.

9.2 The Need for Effective Governance

Some of the problems identified above may be mitigated by more effective governance structures and mechanisms within individual BIDs. Thus, for example, fully professionalising management arrangements in BIDs would help ensure the existence of accurate and appropriate contractual documentation, including business plan, levy rules and legal agreements (with local authorities etc.) so as to avoid any ambiguity - and potentially conflict - in terms of activity scope and performance. This would also facilitate performance management and evaluation. Indeed, as suggested earlier, if BIDs are shifting from a growth to a more mature industry then it is time to ensure Boards of Directors have the requisite skills and competencies, and a very clear understanding of the responsibilities of BID governance.

Good governance relies on transparency, and indeed, this was one of the issues identified by the UK Government in its 2015 Review of Business Improvement Districts (DCLG, 2015). Our research has identified ongoing issues in this area, with some BIDs failing to publish or disseminate information on ballot results, contact details, board membership, and business plans. Moreover, there is also a question over the extent to which initial ballots are publicised, as reflected in low turnout in some instances. The BID Foundation has worked with MHCLG, the Welsh Government and Improvement Districts Scotland to ensure ballot notifications are more widely and rapidly disseminated, however more needs to be done on this at a local level, with greater responsibility on local authorities to publish information. Furthermore, lessons from Appeals need to be more widely shared so that the industry as a whole can learn from experience.

9.3 Managing the evolution of BIDs

What is not in doubt is that the BID industry will continue to evolve, and indeed, this is manifest (as mentioned previously) in the development of more ‘specialist’ BIDs (such as Tourism BIDs). If more BIDs are being developed, another important question for the future relates to how within a locale individual BIDs can optimise business investment into a particular sector, whilst avoiding proliferation of levies. Ideally, businesses only want to be charged once, so how and where (and to whom) they pay needs to be considered. Subsequently, how (possibly multiple) BIDs deliver a well-crafted consensus across an area on specific sector investment, garnering as much efficiency on overheads as possible, requires careful thought. For example, for tourism investment, is there a Destination Management Organisation (DMO) spun out from a BID or is the BID the main driver in delivering a DMO, or is the answer a blend of the two?

Indeed, the question could be asked as to whether sectoral BIDs are *per se* place management organisations? A further review of their business plans might establish whether they are benefiting the place or just one specific sector. BID legislation was implemented in the UK to improve the trading environment in a particular location for *all* the businesses trading within it. By representing a wide range of businesses, the type of projects and activity a BID undertakes has to benefit as many of them as possible – otherwise the BID will not be established or renewed. Ultimately, this avoids interventions being funded that may have positive impacts only for a narrow set of interests – but which may have potential negative consequences for others. For example, the current backlash against tourism in some cities suggests that although the Destination Management Organisations (DMOs) in those locations have ‘management’ in their title, they have been doing little to manage the competing needs of tourists and residents. Furthermore, there is an inevitability about the need to manage places through cleansing and safety before tourists can be encouraged to visit and return.

Other forms of BIDs are also being proposed. For example, Improvement Districts or Community Improvement Districts, that include residents as levy payers. Likewise, there is a call for simplified and extended legislation for property-owner BIDs. Both suggestions have their merits, but we recommend that ‘design thinking’ is applied, before new legislation is written to introduce these new forms of BIDs. In other words, rather than go straight to legislation, prototypes that prove the concept could be developed, at a small scale. We already see community involvement and property owner involvement in many BIDs on a voluntary basis and it would be possible to extend this to a pilot programme to explore issues in a similar way to the original way BIDs were introduced in this country. This, we feel, is a more effective way to manage the evolution of BIDs, and clearly puts the onus to innovate on the proponents of these new forms of BID, working with receptive BIDs.

We have noted in this report that almost four-fifths of BIDs are in town or city centre locations. Though nearly all have a diverse business base, for many, retail is core to this base. We are now well aware of changes that are happening to town centre retail and it is inevitable this will have an impact not only on the potential funding base for many BIDs but also their activities and agenda. The impact of change in town centres will have a part to play in the future development of BIDs and so in the next section we look to the future.

10. Setting the agenda for research, practice and policy

The last section identified key issues that need to be addressed, to support the evolution of the BID industry. In this section, we propose a suggested agenda for policymakers (government at national, regional and local levels), practitioners (the industry itself), and researchers, to start this evolution.

10.1 A policy agenda

With over 300 BIDs in the UK, BIDs are an excellent place-based network of local economic actors. They are organisations that can make a profound difference to places, in economic, societal, cultural and environmental terms. To achieve their potential, BIDs need to be understood and brought into the policy making process. We do not, in this section, make many recommendations about existing legislation, as we hope that the BID Industry itself will progress this agenda with Government. Instead, the recommendations we make in the following sub-sections are fairly 'high level' and, therefore, may make a more profound and positive impact upon places (which is, ultimately, the end-goal of BIDs and Government).

10.1.1 Conceptualise BIDs as a form of place management and leadership

Although there are criticisms of BIDs, many of these also apply to local authorities; for example, poor engagement (voter turnout), lack of transparency, privatisation of public space, no monitoring of impact. In addition, BID solutions may be offered that do not fix wider structural issues, e.g. property owner BIDs will not fix the problem of distant/disinterested landlords and agents, BIDs cannot offset the uncertainty surrounding BREXIT, for example.

If BIDs are conceptualised as a place management and leadership structure/mechanisms, alongside local authorities, civic or community groups, etc. then the aim is to ensure *all forms of place management* are transparent, well-governed, representative, efficient, impactful etc. Conceptualising BIDs as just one form of place management and leadership will also help ensure that other forms are considered, if different governance arrangements are needed. BIDs may not be the best option in every location.

10.1.2 Integrate BIDs as key actors in economic policy

As BIDs are taking the lead in identifying ways that they can improve the local economic environment, then the MHCLG, the Welsh Assembly and Scottish Government should ensure they are included as key actors in economic policy and programmes (both existing and emergent). For example, in England, The Stronger Towns Fund is expected to “create new jobs, help train local people and boost economic activity – with communities having a say on how the money is spent”³⁸ – these are all core activities of BIDs who are already established in the majority of LEP areas that will be allocated funding. What is needed is far more integration between BIDs and LEPs, in England.

³⁸ <https://www.gov.uk/government/news/16-billion-stronger-towns-fund-launched>

10.1.3. Don't fund more BIDs starts without a plan

The Scottish experience suggests that funding programmes for BID starts (rather than loans) may skew the motivations for establishing a BID. The review of various regional programmes shows that political will - backed up with clear aspirations and well-resourced programmes of support (as in London, as described in section 2.3.5) - appears to be the most successful way to develop BIDs. Funding (apart from loan funding) for further BIDs should not be made available unless there is a clear plan of what they will achieve, and how government, or other bodies, will support the achievement of this goal.

10.2 An industry agenda

This report has identified a number of actions and recommendations that BIDs themselves can take forward, either as individual BIDs, through changes in practices, or as an industry, through their appropriate representative body, e.g. The BID Foundation, or Improvement Districts Scotland.

10.2.1 Provide evidenced-based responses to Government consultations and inquiries and offer industry support to appropriate Government policy agendas and programmes

The policy transfer process shows that BIDs were introduced in the UK to address a very specific issue (to provide a more sustainable and equitable form of town centre management). This has meant that BIDs are not well integrated into other forms of policy, such as economic policy. They have also been considered as quite 'stand-alone' structures and solutions, when, in fact successful BIDs, like any other form of place management, rely on collaboration with other organisations and partnerships.

Because BIDs may sometimes be left-out of the policy process, it is important they do everything they can to integrate into it. This means providing evidence-based views and responses to Government, at all levels, when there is truly a 'BID perspective' that needs imparting, and joining forces with other organisations when it is a 'place management perspective' that is needed.

There are a number of initiatives in place, or coming soon, that BIDs can support, in the interests of the nation(s) and also in the interest of individual BIDs. For example, the Future High Streets Fund, the High Streets Task Force, the new style Improvement Districts Scotland, Scotland's Town Fund, the Stronger Towns Fund etc. BIDs should offer industry support for these policy agendas.

10.2.2 Be proactive – adapt and evolve

This review has identified a number of opportunities for BIDs to evolve, from having more community representation, to better relationships with levy payers. The industry should be proactive and find ways of prototyping and testing new models and practices, without immediately resorting to calls to change legislation.

10.2.3 How can baseline agreements be improved?

This review has identified some questions around baseline agreements and 'additionality'. After a period of prolonged austerity, it is important to understand the distinction between public sector responsibilities and the role of BIDs and recommend ways in which baseline agreements can be improved.

10.2.4 Standards need raising

This review has found varying standards, when it comes to operational ‘basics’ such as communicating contact details or ballot results, and this has implications for information relating to the industry and, more importantly, confidence in the industry. The BID Foundation Minimum Standards must be adopted by all BIDs.

However, BIDs can do so much more than merely working towards adherence to minimum standards. For many of the reasons already discussed, BIDs need The BID Foundation, a not-for-profit industry body that can support their evolution. This evolution needs to be governed and driven by BIDs. The BID Foundation must concentrate on the overall curation and governance of the BID industry; not be side-tracked with the day-to-day issues of operating a BID, as there are other service providers that will do this, but with the strategic issues, with the overall curation and governance of the industry.

10.2.5 Adopt the nomenclature developed in this review

Self-definition can be misleading. If BIDs adopt the naming ‘standards’ suggested in this review, it will be possible for BIDs to identify themselves more accurately and communicate about themselves far more effectively. This will also aid the better understanding of BIDs, and more accurate comparisons between BIDs. Thus, we recommend that the industry adopt the following standard - *BID name, BID status, BID legal form, BID stage. Self-definition, type*. For example, *Anytown BID* is an *established, property-occupier BID*, in its *delivery stage* (2 years into a 5-year term). It defines itself as a *town-centre BID*, which is Type A (all business types are levy payers and the BID has a narrow geographical focus).

10.3 A research agenda

We end with a research agenda, as the review has identified a number of unanswered questions, or areas that need further research, to inform additional industry or policy recommendations.

10.3.1 What do BIDs do and what impact do they have?

BIDs are established to improve the trading environment, but more research needs to be undertaken to establish the impact BIDs have. The use of KPIs is, at worst, non-existent and, at best, inconsistent, not only across the BID industry, but also within place management organisations in general. In order to help remedy these information deficiencies, more detailed investigation of BIDs activities and achievements needs to be undertaken. This should be part of a comparative study including other types of place management organisations.

10.3.2 How are BIDs formed and managed?

We understand little about the process of establishing a BID, or, according to our stages, the *interest* and *feasibility* stage. For example, how much of the motivation comes from the location? How is this affected by offers of funding? What other forces influence the formation and management of BIDs, such as the motives of consultants? It would be useful to understand more about the decision-making process that stakeholders go through, when they are deciding whether to establish a BID. Likewise, we know little about the set-up process of newly established BIDs, that enter the *Delivery* stage. How do newly formed BIDs evaluate different management models and decide on the best management and governance structure? Again, further research will help answer these important questions.

10.3.3. Who are BID levy payers?

Whilst many BIDs self-define their type, based on their understanding of land-use within the BID area and the sector make-up of their levy payers, there is no accurate, *national*, assessment of what type of businesses, or other organisations, pay BID levies. In addition, it would appear, this information is not collected *locally* by all BIDs, either. Ultimately, we recommend that all BIDs establish what type of levy payers they have, in order to ensure that the needs/requirements of *all* levy payers are taken into account by the BID. Nevertheless, in order to establish the value of collecting this data, a representative survey of BIDs should be undertaken.

10.3.4 Do some types of BIDs perform better than others?

This review has established four fundamental types of BIDs, based upon their geographical focus and diversity of levy payers. This offers the opportunity to investigate whether some types of BIDs perform better than others. For example, are sector-focussed BIDs more ‘popular’ at ballot? Which BIDs can have the most positive impact on the local trading environment, those with a narrow geographical focus – or those that cover wider areas. This needs further investigation.

10.3.5 What are the criticisms of BIDs?

The literature review identified some genuine concerns about BIDs that need to be addressed. Nevertheless, the academic literature is not the only source of critique, and we recommend studies of newspapers, websites and social media are undertaken, to ensure BIDs understand alternative (but legitimate) perspectives.

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Appendix 1

The sources used for data and additional insight are:

- [Representing BIDs](#) final report and supporting background information and details of over 100 BIDs from [Rocket Science](#)
- www.bidintel.co.uk (no longer available) and https://twitter.com/bid_intel?lang=en. (Both these information sources were from Sven Latham, but are no longer maintained, though they were extremely useful at the time).
- The BID ballot registration lists by quarter and year from 2012-2017 published by DCLG/MHCLG
- Mayor of London map of Business Improvement Districts and email exchange <https://www.london.gov.uk/what-we-do/business-and-economy/supporting-business/map-londons-business-improvement-districts-bids>
- Birmingham City Council list of BIDs https://www.birmingham.gov.uk/downloads/download/144/business_improvement_districts_bids
- BID Scotland website and email exchange <https://www.bids-scotland.com/>
- Welsh Government BID list and email exchange <http://gov.wales/topics/housing-and-regeneration/grants-and-funding/business-improvement-districts/?lang=en>
- Northern Ireland BIDs website and email exchange <http://nibids.org/about/>
- Groundwork BIDs website <https://www.groundwork.org.uk/Sites/clm/pages/business-improvement-districts-clm>
- Partnerships for Better Business website, and conversations with Ian Ferguson FIPM <https://www.pfbbuk.co.uk/>
- Heartflood website, and conversations with Chris Gregory MIPM <https://heartflood.co.uk/>
- Mosaic website, and conversations with Mo Aswat FIPM <http://themosaicpartnership.co.uk/>
- Regen Management website <http://www.regenmanagement.co.uk/>
- British BIDs website <http://britishbids.info/>
- Kolek Consulting website <http://www.kolekconsulting.co.uk/>
- Revive & Thrive website, and conversations with Mark Barnes <http://reviveandthrive.co.uk/>
- Central Management Solutions website <http://www.centralmanagementsolutions.co.uk/>

Data was extended and refined by participation of IPM representatives in a number of events, in which BIDs, local authorities and others from BID industry also participated. These events, held between January-November 2018, included:

- Southern BIDs meeting, Winchester
- London Industrial BIDs Group, London
- Mayor of London's London BIDs Summit, City Hall
- Wales BIDs group, Newtown
- Northern Ireland BIDs, Belfast
- ATCM Midlands meeting, Hinckley
- ATCM Brexit Conference, Birmingham
- A Future for Ireland's Towns, Sligo (hosted by Ireland's BIDs)

- Revive & Thrive Conferences, Northwich and Chester
- Policy Exchange High Streets Conference, London
- Inside Government High Streets Conference, London
- Consultee on Arts Council BIDs Improving Places report

Furthermore, extensive internet searches were undertaken to find contact details and check the results of BID ballots (including qualitative data which provided information on BID failure in certain locations), using local authority sites, local newspapers, social media, consultant and BID websites where they exist.

The data analysis in sections 4-6 is based on the BIDs included in the interactive BID map as of the end of February 2019.



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