

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



Institute of Place Management

About the Institute of Place Management

This report has been written by a team of academic and practitioner authors at The Institute of Place Management, which is the professional body supporting people and partnerships that make better places. Membership of the Institute demonstrates a high degree of integrity and professionalism as well as a passion for places. As part of Manchester Metropolitan University, the Institute is also an international centre of excellence, undertaking world-class research, publishing the Journal of Place Management and Development, and offering a programme of post-graduate qualifications in place management and leadership.

Terms of reference

The BID Foundation commissioned the Institute of Place Management, at Manchester Metropolitan University, to produce a state-of-the-art review of BIDs in the UK with the following objectives:

- 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;
- 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.

Foreword



Bill Addy
Chairman of The BID Foundation Council

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 future issues facing BIDs, followed by 13 recommendations, which we hope will inform policy initiatives, adaptations to BID legislation, changes in BID practice and future research.

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 process. This report will further shape the role BIDs will play in developing commercial and industrial centres, and takes the important step of linking place management practice with regional and national policy.

We welcome you to join our conversation and help us drive forward a positive 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).

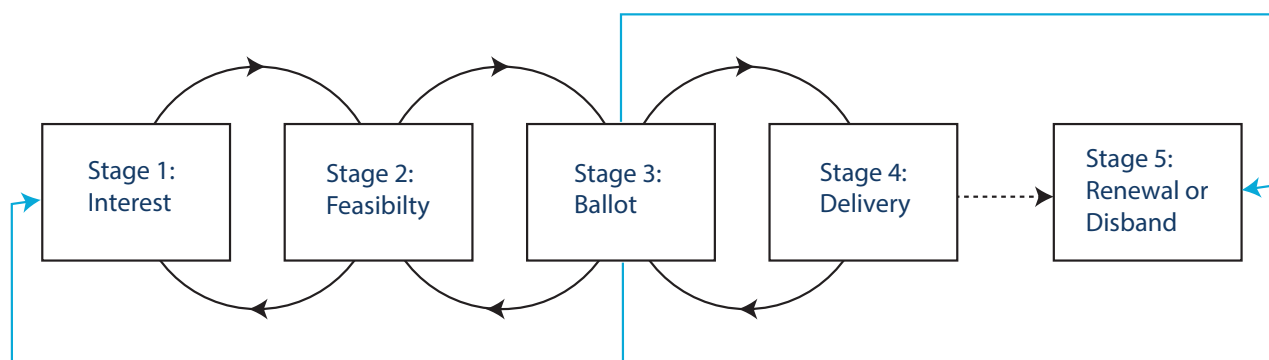


Figure 1: The five possible stages of a BID

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.

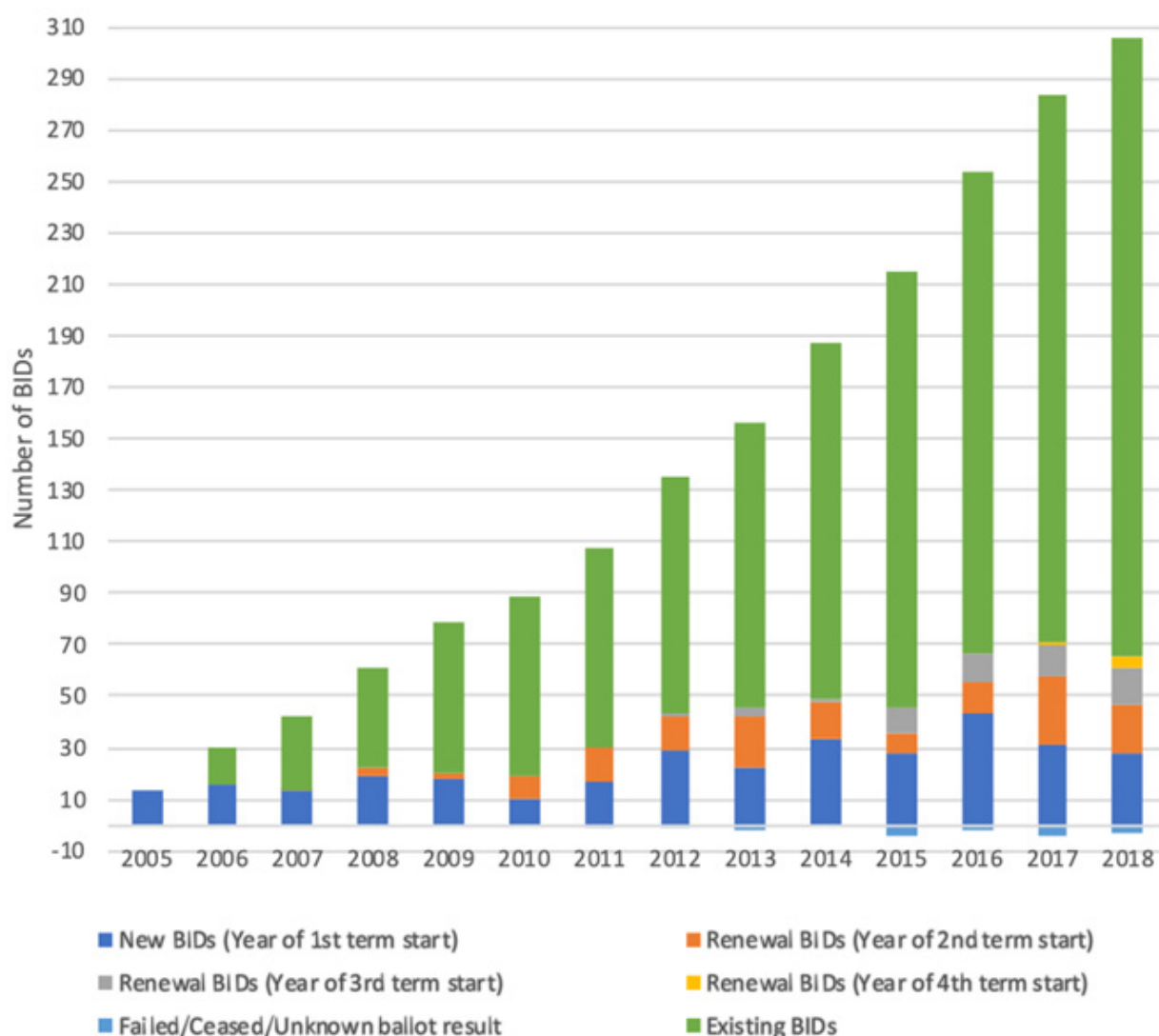


Figure 2: Number of UK BIDs per year

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 BID

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.

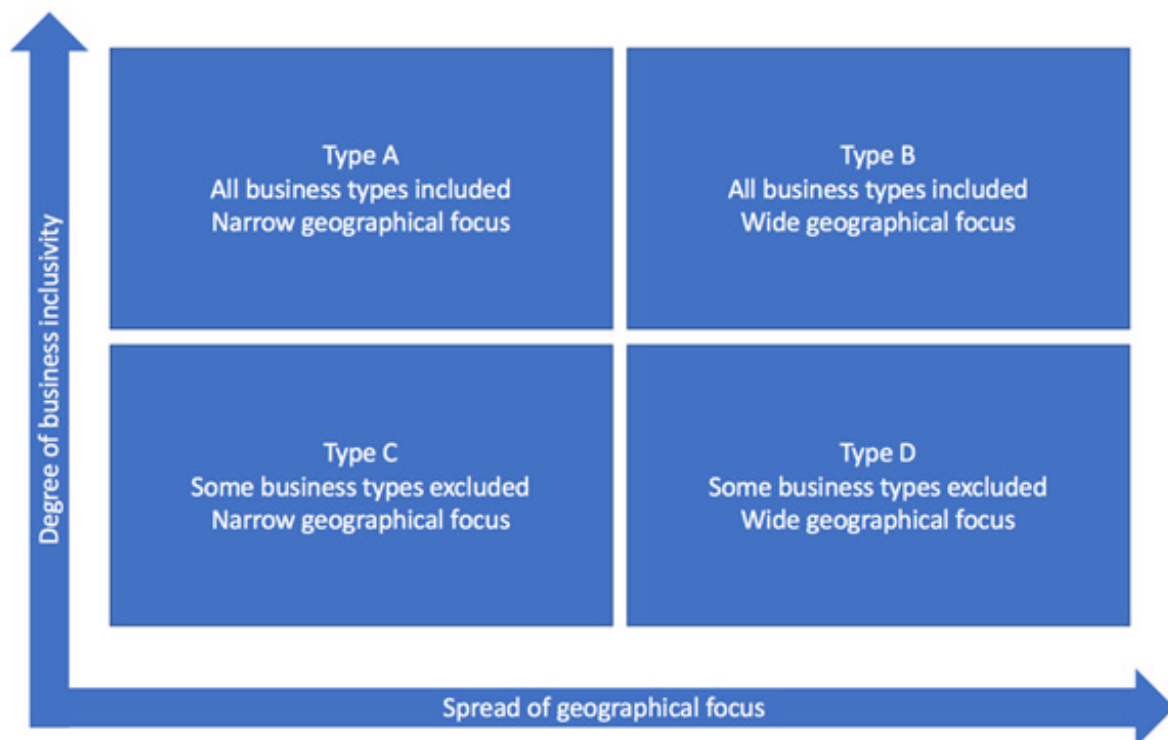


Figure 3: Types of BIDs based upon level of inclusion and geographical focus

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

Many criticisms of BIDs 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.



THE BID FOUNDATION

About The BID Foundation

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 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.



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