Communities and Local Government

The Development and Implementation of Business Improvement Districts

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January 2007
Department for Communities and Local Government: London

On 5th May 2006 the responsibilities of the Office of the Deputy Prime Minister (ODPM) transferred to the Department for Communities and Local Government.

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January 2007

Product Code 06 LGFG 04385

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Executive Summary

Introduction

1. The Department for Communities and Local Government commissioned York Consulting to carry out research into the development and implementation of Business Improvement Districts (BIDs) in England.

2. The research sought to identify the factors that mean BIDs are proposed in some areas and not in others. It included an investigation of:
   - factors that are important in driving the demand or lack of demand for BIDs;
   - the organisations involved in BIDs;
   - BID resources;
   - BID activities and progress against objectives;
   - the relationship, more generally, between the local authority and business community in areas with and without BIDs.

3. This report has been based on:
   - an electronic survey of the managers of all BIDs currently operating in England and those responsible for activities in the BIDs known to be under development;
   - telephone surveys of 750 businesses operating in 26 of the areas in which BIDs are currently operational and 750 businesses operating in areas where the establishment of a BID has not been considered, or has been considered and rejected. These areas without BIDs were selected to match as far as possible the areas where BIDs have been established;
   - electronic surveys of local authorities in the areas where BIDs have been established or are being developed and in the matching areas without BIDs;
   - case studies in six areas in which BIDs have been established and six matching areas.

Factors Determining BID Development

4. BIDs have been stimulated by a combination of issues affecting businesses, including the need for environmental improvements, problems of crime and safety and a need to attract more visitors and customers to the areas concerned. The presence of these factors will not necessarily lead on to collaborative action to respond to them through the establishment of a BID.

5. The BID case studies have shown that over-arching drivers to improve an area, such as the need to respond to strengthening competition from elsewhere, have been important in stimulating the establishment of BIDs. The key issues identified by businesses form the areas of activity that BIDs are carrying out to respond to the drivers.

6. Other important factors in stimulating BID developments have included:
   - local authority promotion and encouragement of BIDs;
   - continuation of town centre management or other area-based programmes;
   - the availability of funding for BID development;
   - the presence of an individual and/or organisation to provide a stimulus for action and the capacity to deliver development activities.

7. The vast majority of local authorities in areas where BIDs have developed have policies in support of their establishment. This is much less likely in those areas where no BID developments have taken place.

8. BID development activities have generally taken between one and two years, from the initial discussions to the successful ballot. Typically, BID developments have cost around £50,000, but expenditure of up to £380,000 has been reported. The need for this level of expenditure will severely constrain the potential development of BIDs if substantial funding cannot be secured. The BIDs that have developed to date have relied heavily on local authority and Regional Development Agency (RDA) funding.

9. The BID levy is by far the most significant source of funding for BID activities, accounting for around three-quarters of total budgets. The level of income that can potentially be generated through the levy is therefore a key factor in influencing whether the establishment of a BID is feasible.

10. The common theme across the areas where no BID development has taken place is the lack of a clear driver. This is especially the case in relatively successful local economies. In areas where businesses are facing issues of short term survival, it is seen as unlikely that they would agree to the payment of an additional levy to support the establishment of a BID. Other reasons identified in areas where no BID development has taken place to date include:
    - the need for capacity to carry out development activities;
    - the need to access development resources, if available;
    - alternatives to BIDs being more appropriate to meet the key local business needs.

Characteristics of BID and Non-BID Areas

11. There is significant difference in the size of BID areas. The BID areas in the study have between 108 and 1,400 business ratepayers, with a median of 380. The significant differences in business numbers have implications for the scale of activities required during the development and implementation phases, and the level of resources that can be generated through the levy.

12. The needs of businesses in areas with BIDs established or in development, and those where no BID developments have taken place are broadly similar. However, in BID areas, businesses appear to be more focused on a smaller number of issues than is the case where no BIDs have developed.

13. In BID areas, businesses are less likely to report that their most important needs are being met than businesses in similar areas without BIDs. This may be a factor stimulating BID developments.

14. Businesses in non-BID areas are most likely to consider it to be the responsibility of the local authority to address the key issues they face. In this context, the decision to progress towards the establishment of a BID may require something of a change in mindset.

15. There is no significant difference in the nature and effectiveness of relationships between local authorities and the business community in areas with and without BIDs. These findings suggest that the development of BIDs has not been influenced by the general relationships between local authorities and the business community.

BID Activities and Achievements

16. Three key areas of activity account for a significant proportion of total BID expenditure: marketing and promotion, safety and security, and cleaning. These tend to be the core categories of activity, with specific actions tailored to particular local needs.

17. The funding regime for BIDs has a significant influence on the scale and nature of the activities they are taking forward. This has led to a focus on activities that will improve an area for the existing business occupants. Alternatives to BIDs may be more appropriate where fundamental activities are required to transform an area.

18. There are currently relatively low levels of awareness and understanding of BIDs. In BID areas, half of the survey participants had heard of the local BID. Those that were aware of BIDs had a general understanding their activities. In the matching areas, only 8% of survey participants had heard of BIDs and few of these had an understanding of their role.

19. The willingness of businesses to support BIDs is influenced by the appropriateness of the proposed activities and the credibility of those leading the BID. This may make it easier to secure support for a BID where there is already an established track record of delivery.

20. Whilst it is early days to be commenting on the performance of BIDs, there is a general view from local authorities that the BIDs in their areas are progressing in line with expectations.

21. BIDs have indicated that they are planning to use a range of indicators to monitor their performance. In practice, the focus of BIDs has been on establishing and delivering their planned activities. There is a risk that if BIDs are unable to capture evidence of the outcomes their activities have delivered their potential for continuation through a successful re-ballot will be undermined.

22. Businesses in BID areas expect to benefit from the BID in the following ways:

- increasing visitor or customer numbers;
- reduced crime levels;
- higher business profile;
- a cleaner environment.

23. The benefits of BIDs identified by local authorities include increased contacts and closer relationships with businesses, helping to overcome some of the difficulties they currently face in working with the business community. The existence of BIDs may, over time, lead to a situation where there are better local authority-business community relationships in those areas with BIDs than those without, despite broadly similar baseline positions.

BID Management and Governance

24. BIDs are operating as very lean organisations, with small complements of management and administrative staff. Two-thirds of BIDs have less than three full-time equivalent staff in management and administrative roles. In many cases, BIDs could be described as ‘virtual’ organisations, often working alongside or within other bodies.

25. BIDs have been successful in establishing Boards with wide-ranging representation of local interests. In particular, this includes a high level of representation of business ratepayers. It is significant that, in most cases, these Board members appear to be actively engaged in a number of activities that extend beyond simple attendance at Board meetings.

Key Findings of the Research

26. There is a need to recognise that the development of BIDs in England is still at a relatively early stage. Even the earliest approved BIDs have only been operating (as BIDs) since early 2005. Therefore, the fact that there has been no progress towards BID development in many areas to date should not be taken as indicating that BIDs will not develop there in future.

FACTORS DRIVING THE DEMAND FOR BIDS

27. The BIDs that have developed to date have been the result of the coalescence of a number of factors. The principal factor driving the demand to establish a BID has been a clear set of needs or issues affecting the businesses in a particular area. Consultations in the matching areas have shown a lack of a sufficiently clear business need as a key reason why there has been little or no progress on BIDs to date.

28. The types of issues and needs that have been identified as prompting BID developments are not unique to those areas where BIDs have been introduced or are currently being developed. It is therefore clear that other factors have also been important in leading to the development of BIDs.

29. Many of the BIDs that have so far developed have been built on pre-existing organisations or structures, especially town centre management, but also regeneration or other local development schemes. These have provided a foundation on which to develop BIDs. The credibility and track record of these previous organisations have been of considerable value in securing support from businesses. As it is easier for developments to take place from an existing base, it is inevitable that those with an established foundation would emerge first. This may also mean that it is harder to develop BIDs in the future, because the 'easy wins' have already been achieved.

FUNDING REGIME

30. As the BIDs that have been established to date are developments of existing organisations or structures, they have generally been relatively modest in terms of their scope or ambition. They are not going to transform the face of urban England. It remains to be seen whether future BIDs will be significantly different. However, it must be borne in mind that BIDs in England are being developed in the context of a functional local government system and a range of other economic and social development initiatives, which is likely to impact on the scale and scope of BID activities.

31. The funding regime will impact on the nature of BID proposals put forward and is more likely to lead to BID proposals that represent a development of an area, rather than significant transformation, because this would be more closely aligned with the interests of current business ratepayers. Where the BID format does not fit with the agenda of key stakeholders in an area, alternative arrangements can be put in place that provide a framework for achieving their objectives.

RESOURCES FOR BID DEVELOPMENT

32. The availability of funding to support BID developments has been of critical importance in the BIDs that have developed to date. There is little evidence of individual businesses making significant contributions to the costs of development activities, which has therefore placed a heavy reliance on local authority and RDA funding.

33. The availability of staff and other resources have been of critical importance in the BIDs that have developed to date. The establishment of BIDs as developments from established town centre management and other schemes has provided the capacity in many cases to undertake the required delivery activities.

34. The potential to establish further BIDs will be linked to the availability of resources to support the development activities. This raises a question of where the resources for BID developments are going to come from in the future and, in particular, whether RDAs will continue to provide development funding on a significant scale.

CHARACTERISTICS OF BID AREAS

35. There is no clear evidence that the areas in which BIDs have developed to date are different in any significant respect from other areas. The issues faced by businesses in BID areas are also identified by businesses elsewhere, although the extent of the issues faced, or the concentration on a small number of specific issues, may be a characteristic of the areas on which BIDs have been based. There are also areas where the issues that have driven BID developments are not evident, and where BIDs are very unlikely to develop.

36. The vast majority of BIDs established to date are based on relatively concentrated geographic areas. This helps to ensure that businesses in the area have common interests and concerns that can be addressed through a BID. The focus of BIDs on relatively concentrated areas inevitably limits the number of businesses included within a BID area, which will therefore impact on the level of resources that can be generated through the levy and ultimately on the scale of BID activities that can be delivered.

BIDS AS BUSINESS-DRIVEN ORGANISATIONS

37. There is a high level of local authority support and encouragement for BIDs. This has included, in some instances, pro-active promotion of the opportunity to establish BIDs, funding of development activities and seconding staff to undertake development work. This has proved effective in enabling BID developments. However, there remain some concerns among local authorities and other stakeholders that significant local authority involvement in BID developments may lead to a perception of BIDs being driven by local authorities, rather than the business community.

38. There is a danger that, in some instances, BIDs are indistinguishable from the local authority. If BIDs are perceived by businesses to be extensions of the local authority, this may create a barrier to future support from businesses and a risk that the levy is seen as an additional financial contribution to the costs of local authority services, rather than as a payment for actions in response to the specific needs of the local business community.

39. The use of clear branding by BIDs can be beneficial in ensuring that they are perceived by businesses as independent organisations and in building awareness of their specific contribution to local improvements.

LOCAL AUTHORITY-BUSINESS RELATIONS

40. The evidence from the research suggests that there are no significant differences in the nature and effectiveness of relations between local authorities and businesses in those areas with BIDs and those where no BID developments have taken place. Whilst effective links between the local authority and businesses can be helpful in facilitating BID developments, they do not appear to be a pre-requisite for developments to take place.

41. The establishment of BIDs can prove helpful in supporting the development of more effective relationships between local authorities and businesses. BIDs can provide a mechanism to draw together businesses with a common interest, and provide an interface that would not normally be possible, especially where business representative structures have previously been less effective.

BID PROGRESS AND PERFORMANCE TO DATE

42. It is still early to comment on the performance of the majority of BIDs. However, early evidence suggests that BIDs are delivering in line with the expectations of business, local authority and other stakeholders.

43. BIDs are planning to make use of a wide range of indicators to monitor their performance covering footfall, perceptions of visitors, users and residents, crime figures, business turnover and vacancy rates to monitor performance. There is little evidence in many cases that these plans for performance monitoring are being translated into data on outputs and outcomes, rather than activities. If this lack of evidence on outputs and outcomes from BIDs continues, this may have implications for the continued support of business ratepayers at a re-ballot.

44. BIDs are providing additional benefits over and above the direct delivery of services. The fact that BIDs have been formally approved in a ballot is seen to provide considerable benefit in terms of their influence and the willingness of public agencies to engage with them in relation to key decisions affecting their areas.

BARRIERS TO THE FUTURE DEVELOPMENT OF BIDS

45. The low levels of awareness of BIDs found by the business surveys may be a constraint on the future development of BIDs. This issue could be overcome to some extent by local authorities, RDAs and other agencies encouraging their development where appropriate. However, whilst external facilitation and support may be appropriate, BID development will still have to be driven by business needs or issues.

46. Where issues of low levels of awareness of BIDs are overcome, the potential for BIDs to develop is likely to be constrained by the available capacity and resources to undertake the required development activities. This is likely to be particularly significant in areas where there is a predominance of small independent businesses.

POTENTIAL FOR FURTHER BID DEVELOPMENTS

47. There are a number of areas where BIDs are currently in development and progressing towards a ballot. This suggests that the number of established BIDs will continue to grow in the foreseeable future.

48. As more BIDs are established, this will help to build awareness of the concept and the opportunity they present. Success stories from the BIDs that have been established will play an important part in this, and will be helpful in overcoming the current low levels of awareness. As indicated above, it took a number of years before BID development activities in North America reached their peak.

49. The range of activities that are being undertaken by the BIDs established to date are similar in nature to those that are being carried out by established BIDs in North America and elsewhere. The rate of success of the BID ballots to date suggests that these activities are attractive to business ratepayers.

50. The potential for BIDs to carry out large scale programmes of activity will be limited by the resources available to them from the levy and other sources. This will be influenced by the size of the BID area, rateable values and the level at which the BID levy is set. The BID area needs to be small enough to provide sufficient consistency of need among the businesses located there in order to engage their support and willingness to vote for the BID levy. This points towards relatively focused programmes of activity with modest overall budgets. There has been no indication from the areas where no BID developments are taking place that it is the scale or potential scope of BIDs that is limiting the potential for them to be established.

1 Introduction

1.1 The Department for Communities and Local Government commissioned York Consulting Limited (YCL) to undertake research into the development and implementation of Business Improvement Districts (BIDs) in England.

1.2 Overall, the research sought to identify the factors that mean BIDs are proposed in some areas and not in others. In those areas with BIDs, the key questions were:

- what factors are important in driving demand for the BID?
- who has been and is involved in BIDs?
- what resources are required by BIDs?
- what are BIDs trying to achieve?
- do stakeholders perceive that BIDs are delivering against their objectives?
- what is the relationship, more generally, between the local authority and businesses in these areas?

1.3 In those areas where there are no BIDs or plans for BIDs, the following key questions were posed:

- what factors drive the (lack of) demand for a BID?
- are there barriers to setting up a BID?
- what is the relationship, more generally, between the local authority and businesses in these areas?

1.4 This report provides a summary of the findings from research that was carried out between May and August 2006, involving the following fieldwork:

- an electronic survey of the managers of all BIDs currently operating in England and those responsible for BID development activities in areas where progress was known to be taking place. In total, 50 questionnaires were distributed, with 29 completed questionnaires returned. Five recipients indicated that their BID development activities were at too early a stage to respond to the survey. The survey therefore had a response rate of 64%. This included 19 questionnaires from BIDs that are now being implemented following a successful ballot (out of a total of 29) and 10 from BIDs that are currently in development (out of a total of 16);

- a telephone survey of 750 businesses operating in 26 of the areas in which a BID ballot has been held leading to a 'yes' vote from business ratepayers.[1] A further telephone survey of 750 businesses was undertaken in areas where either the establishment of a BID has not been considered, or where it has been considered and rejected (either following initial discussions or following a ballot of business ratepayers). The areas where no BIDs have been established were selected to provide as good a 'match' as possible with the BID areas;
- an electronic survey of the local authorities in those areas where BIDs have currently been established or are in development. In total, 40 questionnaires were distributed, with 23 returns (a response rate of 58%). Four authorities have two or more BIDs in their areas. The 40 local authorities therefore included all 50 areas in which BIDs are established or are known to be in development;
- an electronic survey of the local authorities in those 'matching' areas where either the development of a BID has not been considered, or where it has been considered and rejected.[2] In total, 38 questionnaires were distributed, with 21 returns (a response rate of 55%);
- case studies in 12 areas. These included six in areas in which BIDs have been established through the ballot process and six 'matching' areas where either a BID has not been considered or where the establishment of a BID has been considered and rejected.

1 At the time of the study, 27 BIDs had been approved following a ballot of business ratepayers. Lack of detailed information on one of the BID areas at the time when the business survey was being set up meant that it was not possible to include businesses operating in this location in the survey.

2 The matching areas for the survey of local authorities were the same as those for the business survey. The case study matching areas were included in the business and local authority surveys.

2 Factors Determining BID Development

Introduction

2.1 In this Section, we discuss the factors that have been significant in determining the development of BIDs to date, under the following nine headings:

- Drivers of BID Developments;
- Local Authority Encouragement of BID Development;
- Organisations Involved in Initial BID Discussions;
- BID Development Structures and Processes;
- BID Development Expenditure and Funding;
- BID Levy;
- BID Duration;
- BID Delivery Expenditure and Funding;
- Areas where no BID Developments are in Progress.

Drivers of BID Developments

2.2 In order to answer the question as to why BIDs have developed to date in some areas but not in others, it is important to understand the issues identified as having driven the development of those BIDs that have been established to date.

2.3 From the perspective of the managers of BIDs, a combination of factors have stimulated developments, including, in the vast majority of BIDs, the need for environmental improvements, problems of crime and safety and a need to attract more visitors or customers to the areas concerned.

2.4 BID managers were asked to indicate the key needs of businesses that created the stimulus to establish the BID. A breakdown of the responses is shown in **Table 2.1**, which shows that the three needs most frequently identified as having stimulated BID developments were environmental improvements, crime and safety and attracting more visitors or customers.

Table 2.1: Key Business Needs that Stimulated BID Developments	
Need	**Number (Base = 29)**
Accessibility	9
Attracting more Visitors/Customers	23
Crime and Safety	25
Environmental Improvements	28
Physical Condition	12
Staff Recruitment and Retention	6
Support for Business Development or improvement	10
Transport Links	8

Source: Survey of BID Managers.

2.5 It is clear that whilst businesses in a particular area are facing perhaps a number of common issues, these will not necessarily lead on to collaborative action to address these issues through the establishment of a BID or the adoption of an alternative approach. The BID case studies, and other contacts we have had with BIDs during the course of this research and the study of the role of property owners in BIDs, shed some light on the way in which the issues in these areas have combined to create the momentum for collaborative action.

2.6 **Table 2.2** sets out the key drivers that have been identified as having led to BID developments in the case study areas.

2.7 The business needs identified in Table 2.1 as having stimulated BID developments can be seen as the areas of activity that needed to be undertaken in order to respond to the drivers described in Table 2.2.

2.8 In most cases, the drivers of BID developments suggest that the establishment of the BID has been part of a wider-reaching programme of regeneration or development in the area itself or in adjoining areas.

Table 2.2: Key Drivers of BID Developments

BID	Drivers
Liverpool City Central BID	Competitive threat to the retail heart of Liverpool from out-of-town and other retail centres in the region. Also, the creation of a major new retail development adjacent to the traditional retail core, due to open in 2008, presented a threat of trade deflection if the core area was unable to achieve similar levels of environmental and operational standards.
New West End Company	Need to respond to competition from other world cities and out-of-town shopping centres in the South East of England.
Paddington	The potential threat to the success of the Paddington Waterside development as a result of environmental issues in the neighbouring area. Consultation with businesses in the BID area led to crime being identified as the main driver of the BID.
Plymouth	The BID is part of a wider strategic framework to modernise Plymouth City Centre in order to enable the area to compete more effectively in attracting high value shoppers who currently travel to competing retail centres.
Reading	The need for environmental and other improvements to enable the city centre to compete effectively in attracting retail customers and compete against new developments elsewhere in the region.
Winsford 1-5 Industrial Estate	The need to provide a safe and clean industrial estate with effective transport links to attract and retain an appropriate range of businesses to locate there.

Source: York Consulting from Case Study Consultations and BID Business Plans.

2.9 Other drivers of BID developments elsewhere have been identified as including:

- addressing the issues of excessive drinking and resultant crime problems from a concentration of bars and clubs, with a potential impact on the attractiveness of the area to other users and occupiers and therefore on rental and property values (Birmingham Broad Street);
- capitalising on the location as a visitor destination, in order to extend the trading season, increase visitor numbers and therefore improve business turnover and profitability (Keswick);
- improving the general ambience of the area in the light of significant growth in local employment, and developing the 'brand' of the area as a destination in its own right, rather than somewhere people pass through (Holborn);
- responding to crime problems and associated business impacts (Bolton and West Bromwich).

2.10 At least some of these issues would be evident across a significant proportion of towns and cities in England. In particular, it is likely that most town and city centres are facing issues regarding potential competitive threats. Therefore, other factors are clearly significant in leading to consideration of the development of a BID.

2.11 The BID manager survey identified a range of other factors that had also been seen to contribute to the development of BIDs in their areas. Responses to this question are shown in **Table 2.3**, which indicates that local authority promotion of BID developments has been a significant factor in the development of half of the BIDs in the survey.

Table 2.3: Other factors important in stimulating the initial BID proposal

Factor	Number of BIDs (Base = 29)
Continuing activities that were previously funded through Single Regeneration Budget, New Deal for Communities or other publicly-funded programmes	7
Continuation or development of the activities of a voluntary Town Centre Management scheme	13
Continuation or development of the activities of other previous area-based initiatives (such as on an industrial estate)	4
Availability of funding to support the development of BID schemes	11
Local authority promotion or encouragement of BID developments	15

Source: Survey of BID Managers.

2.12 In addition, work towards the development of one BID was said to have been influenced by large property owners who were seeking to protect their interests in light of large retail-led development schemes. In another area, the initial work to progress a BID was influenced by the desire to prevent freeloading by businesses that benefited from the outputs of voluntarily funded initiatives without having paid for them.

2.13 The evidence from the case studies suggests that for a BID to develop, it is not only necessary for there to be a clear issue (or set of issues) affecting businesses in the area, but also there needs to be an individual or organisation providing a focal point through which to galvanise support and action. For example, in Holborn the initial drive to develop the BID came from the chairman of a firm that had moved into the area. In Reading, the General Manager of a large shopping centre bordering the BID area played a key role in initial discussions and BID development activities. In Birmingham Broad Street, the role of an individual was also important, in the context of a wider corporate approach by his company.

2.14 It is clear from Table 2.3 and from the BID case studies that many BIDs have developed from previous structures and programmes in the areas concerned, rather than being entirely new developments. For example, the Winsford 1-5 Business Environment Group had originally come together in the mid-1990s, and had been funded through the Single Regeneration Budget (SRB) since 2001. There was a strong desire among businesses on the estate to continue the work of the group after the SRB funding had ended and the establishment of a BID was seen as an appropriate way to achieve this.

Local Authority Encouragement of BID Development

2.15 Half of the BID managers responding to the survey indicated that local authority promotion or encouragement of BID developments had been important in influencing the activities leading towards the establishment of the BID. In this context, it is important that 21 of the 23 local authorities responding where BIDs are in existence or in development have a policy in support of BID developments (16 of these were described as formal). In contrast, only six of the 21 authorities where no BIDs have been established reported that they have a policy in support of BID developments.

2.16 Those authorities with policies in support of BID developments identified the following reasons for their policies:

- an improved environment for businesses is seen as key to economic well-being, or local competitiveness;
- BIDs can potentially improve local area environments and safety;
- the authority is committed to successful partnership working;
- this is an opportunity for businesses to join together to put funding towards projects that were their priorities, and to attract matching funding including from the authority itself (if proposals are within the Corporate Improvement Plan). The authority also contributes through the levy;
- securing improvements in town centre performance in terms of economy and environment;
- the BID helps provide city centre businesses with a co-ordinated, unified organisation with a remit to represent business concerns.

2.17 Three local authorities where there have been no BID developments reported that they have policies against the development of BIDs in their areas. The following reasons were given for this approach:

- most of the businesses in the areas are very small and do not want to pay higher taxes for services that should be provided by the authority;
- the council would expect business representation in favour of setting up a BID before committing time and effort to deliver this.

2.18 On reflection, these would appear to be reasons why the authority would not do anything pro-actively to encourage BID developments, rather than reasons for a specific policy against the establishment of BIDs.

2.19 Seventeen of the 23 local authorities with BIDs in their area (established or currently in development) indicated that they had been involved in pro-actively promoting the opportunity to establish BIDs. Twelve authorities had initiated discussions with businesses about the potential to establish a BID.

2.20 It is clear that a significant proportion of local authorities are taking an active interest in the development of BIDs in their areas. This has followed through to encouraging BIDs to address specific issues. In those areas where no BID development activities have taken place to date, a significant proportion of authorities suggested that they would encourage potential BIDs to address particular issues, as set out in **Table 2.4**.

Table 2.4: Issues Local Authorities have encouraged or would encourage BIDs to address

	Number of Authorities with BIDs established/ in development (Base = 23)	Number of Authorities with no BID developments to date (Base = 21)
Accessibility	6	13
Crime and Safety	19	14
Environmental Improvements	17	15
Need to attract more Visitors/Customers	14	10
Physical Condition	14	10
Staff Recruitment or Retention	2	4
Support for Business Development or Improvement	10	11
Transport Links	6	10

Source: Surveys of Local Authorities.

2.21 Two authorities with BIDs in their area specifically stated that they had not encouraged the BIDs to address any particular issues as it was seen to be important that they address the issues identified as significant by the business community in the area.

2.22 The fact that no BID developments have taken place in some areas to date does not necessarily mean that the local authorities are unsupportive of BID development. In eight areas with no BID developments to date, the local authority indicated that they would definitely be prepared to support the development of a BID if there was support among local business stakeholders. A further 11 local authorities stated that they would possibly offer support, whilst only two authorities specifically stated that they would not offer support to BID developments.

Organisations Involved in Initial BID Discussions

2.23 The survey of BID managers has indicated that the first discussions about the establishment of BIDs have tended to involve a number of different organisations, as set out in **Table 2.5**.

Table 2.5: Significance of involvement in first formal discussions leading to the decision to develop a BID

	Base = 29 Very Significant	Significant
Town Centre Management Company	19	–
Local Authority/Authorities	21	6
Regional Development Agency	5	5
Businesses operating in the BID area	16	10
Owners of property in the BID area	9	7
Business representative organisations	5	9

Source: Survey of BID Managers.

2.24 The response to the survey of BID managers has shown that where a Town Centre Management company was previously in existence, they have played a very significant role in the early activities leading to the development of a BID. Reflecting their pro-active promotion of the establishment of BIDs and their initiation of discussions with businesses regarding the development of BIDs, local authorities have also played a significant role.

2.25 The case studies for this research and the study of the role of property owners in BIDs have shown that there is little evidence, as yet, of BIDs emerging as a result of new groupings of businesses being established to take advantage of the opportunities available. The majority of BIDs that have developed to date have either emerged from previously established town centre management arrangements (such as Liverpool, Plymouth, Reading, Kingston and Lincoln), or from previous regeneration or development initiatives, including SRB funded activities, New Deal for Communities or the Market Towns Initiative (Winsford, the Circle Initiative BIDs, Keswick and West Bromwich). In some instances, such as in Birmingham Broad Street, the local Town Centre Management company has been critical in providing the capacity through which the BID has been developed. Whilst new groupings have not been established, there is evidence of the established groups being expanded to involve businesses and property owners that have not previously been involved in other initiatives.

2.26 There are inevitably some exceptions to this. For example, the New West End Company was initially established by a group of property owners and large owner-occupiers who had a significant stake in the success of the area. It is important to recognise that origins of the New West End Company go back to 1994, and therefore pre-date to a significant degree the introduction of the BIDs legislation in England.

2.27 The general focus of BID developments on areas with pre-existing partnerships or structures is to be expected with the first BIDs to be established. This is a function of the timing of the research. Only time will tell whether the absence of such arrangements presents a barrier to BID developments. It could mean that considerably more time is required for new groupings to be set up and establish ways of working, before they are in a position to progress towards the establishment of a BID.

BID Development Structures and Processes

2.28 The survey of BID managers included responses from 19 BIDs that are now operational following a successful ballot and 10 BIDs currently in development. In four of the BIDs in development, the business plan was complete and the ballot was either in progress or had been scheduled at the time of the survey. In six areas, the final business plan or proposal had still to be completed.

2.29 The period of time from the initial discussions regarding BID developments to the successful ballot taking place ranges from less than six months in Brighton, to three years or more in Ealing Broadway, Greater Hammersmith and Paddington. Most commonly, BID development activities have taken between one and two years. This is also reflected in expectations relating to those BIDs that are still in development. In those areas where development activities have taken place over a longer period, in some instances these activities have been undertaken alongside 'pilot' delivery of BID-type activities, such as in the Circle Initiative.

2.30 The duration of BID development activities is influenced by a number of factors, including the nature of the area in which the BID is being established, the number of businesses in the area and the nature of the links that have already been established. The BID in Winsford had the shortest development period of those responding to the survey. The case study consultations indicated that this was a deliberate decision to ensure that there was no loss of momentum during the development phase, but also reflected that the BID was a development of activities that were already well-established on a clearly defined industrial estate with 146 occupiers, significantly fewer than in most other BID areas.

2.31 The need to build and sustain the momentum of BID development activities is a significant factor in influencing the potential to establish a successful BID. There is a suggestion that part of the reason for one of the early ballots being unsuccessful was that there were delays during the development phase, which made it difficult to sustain the interest and support of local business ratepayers.

2.32 The survey of BID managers has shown that BID development activities have been undertaken with generally limited staff resources. Only 18 BIDs had any full-time staff (nine had one member of staff working full-time, eight had two full-time staff and one had four full-time workers). All but one BID made use of part-time staff during the development work, but again the numbers involved were small. In seventeen areas, two or fewer part-time staff were involved in development activities. One BID had seven part-time staff involved during the development phase (in all other areas, four or fewer part-time staff were involved).

2.33 Given the significant involvement of part-time staff in BID developments, it is useful to consider the full-time equivalent (FTE) staff numbers. This shows that in eight areas, BID development activities involved a maximum of one FTE. The maximum level of staff resources involved in BID developments was 4½ FTEs (reported in four areas).

2.34 Given the relatively low levels of staff available for BID development activities, it is unsurprising that consultants were used in 20 of the 29 BID areas responding to the BID manager survey. The roles played by consultants included:

- carrying out surveys of business ratepayers (ten areas);
- carrying out feasibility studies (nine);
- writing the BID business plan/proposal (ten);
- consultation with business ratepayers (nine);
- researching the BID area (seven);
- consultation with property owners (three);
- marketing, communications and public relations (three).

2.35 The survey of BID managers has shown that a range of organisations have tended to be involved in both directing development activities and in their day-to-day management. This may be a reflection of the use of part-time staff from a number of organisations to undertake development activities. **Table 2.6** shows a breakdown of the organisations involved in directing and managing development activities in the 29 BIDs whose managers responded to the survey.

2.36 Table 2.6 shows that BID development activities have been directed by town centre management companies or area partnerships, shadow BID organisations and local business people. Town centre management companies and local authorities have been most likely to be involved in managing day-to-day development activities. The responses to this question suggest the involvement of a wider range of organisations in managing development activities than we would have expected and has been observed in the case studies.

Table 2.6: Organisations involved in Directing and Managing BID Development Activities

	Directing (Number of BIDs)	Managing (Number of BIDs)
Town Centre Management Company	16	16
Area partnership body, such as an industrial estate partnership	6	5
'Shadow' BID organisation	12	6
Local Business People	10	6
Local Authority	8	11
Chamber of Commerce	5	4
Other business representative body	3	1
Groundwork Trust	1	3
Voluntary Organisation		1
Police	1	1

Source: Survey of BID Managers.

2.37 Discussions with the case study BIDs have shown that whilst businesses have often had a role in directing development activities (as indicated above) responsibility for managing these activities has largely rested with the town centre management company (where relevant) or the local authority. In only two case studies could the development process be seen to have been driven to a large extent by businesses operating in the area. This reflects that businesses can have a very important role in identifying the opportunities open to establish a BID and to sell the concept to other businesses, but there is a need for additional capacity from elsewhere to undertake day-to-day development and support tasks. One business organisation told us that while they had the capacity to engage in BID development and set the direction, it made sense for organisations with a greater capacity, such as the local authority, to carry out day-to-day management.

2.38 It should also be considered that some aspects of BID development activity, such as liaising with council departments and other public sector service providers, to set baselines and explore the potential of additional services in the BID area, lend themselves to being carried out by an organisation or individual closely linked to, or positioned within, the local authority. This has included local authorities themselves and town centre management companies. Concerns have been raised, however, regarding potential conflicts of interest and BIDs becoming indistinguishable from the local authority.

2.39 The survey of businesses in the BID areas found that 47 respondents (6%) had been involved in BID development activities, of whom:

- 18 had participated in consultation events;
- 17 had been members of working groups;
- 13 had been part of the group that initiated the development of the BID;
- 9 had been a member of the pre-ballot BID board.

2.40 A further 24 respondents had been involved in meetings or discussions with those involved in the developing the BID.

2.41 The principal motivation for becoming involved in BID development was the opportunity to shape what is done in the area (mentioned by 24 out of the 47 respondents involved). Relatively minor motivations were building links with other businesses, commitment to the area and protecting business interests.

2.42 In three of the case study areas (Liverpool, Plymouth and Reading) representatives of businesses in the BID area acted as ambassadors to galvanise support for the BID in the lead-up to the ballot. Similarly, in Winsford the current chair of the BID was heavily involved in canvassing support for the BID. The fact that it was someone from the local business community was seen as of considerable value in encouraging other businesses to vote in favour of the BID.

2.43 In Liverpool, during the period leading to the successful BID ballot, business champions undertook around 100 face-to-face consultations with businesses in the BID area, out of a total of 300 by the BID development team in total. Stakeholders in Liverpool regarded this as one of the critical success factors in the 'yes' vote in the second ballot.

BID Development Expenditure and Funding

2.44 Total expenditure on BID development activities up to and including the ballot varies significantly across the BIDs responding to the BID manager survey, ranging from just £5,000 to £380,000. The median expenditure on BID development activities is £60,000.

2.45 The case studies have shown that it can be difficult to provide a wholly accurate figure for the costs of BID development for a number of reasons:

- in some areas, such as Paddington and the New West End Company, BID development activities were taking place alongside the delivery of BID-type services or pilot BID activities, causing problems in isolating specific development expenditure from project delivery;
- in some areas, the resources for BID development have included staff seconded from the local authority at no recorded cost to the development process. In these instances, therefore, the recorded expenditure understates the true costs of development.

2.46 Details of the sources of funding for BID development activities were provided by 23 BID managers responding to the survey. **Table 2.7** shows the breakdown of funding sources and the scale of funding provided.

Table 2.7: Funding for BID Development Activities

	Number of BIDs receiving funding	Median Contribution	Minimum Contribution	Maximum Contribution
Businesses based in the area	5	£15,000	£5,000	£25,000
Businesses based elsewhere with a presence in the area	3	£22,000	£5,000	£70,000
Owners of property in the area	5	£15,000	£5,000	£102,000
Business representative or membership organisations	6	£6,000	£5,000	£60,000
Local authority/authorities	17	£33,000	£5,000	£200,000
Regional Development Agencies	11	£52,500	£19,000	£320,000
Other UK Public Sector	3	£7,500	£5,000	£10,000
European Union	1	£25,000	£25,000	£25,000
Other	5	£10,000	£10,000	£250,000

Source: Survey of BID Managers.

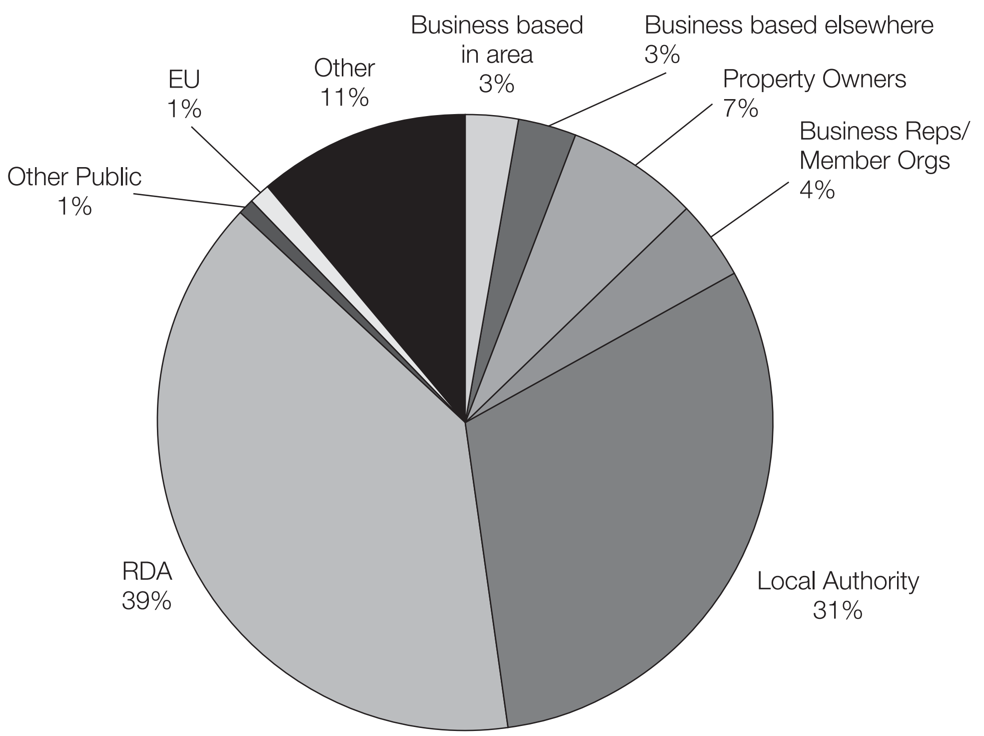
2.47 Table 2.7 shows that, to date, there has been considerable reliance on local authorities and Regional Development Agencies (RDA) for the funding of BID development. The availability of such funding going forward is likely to be a significant influence on future BID development. Only two of the BIDs responding to the survey had received financial support from the same local authority. Five of the 11 BIDs that received RDA funding for development activities are in London, reflecting the significant contribution that the London Development Agency has made to BID developments through the Circle Initiative and other support.

2.48 The survey of businesses operating in BID areas found 27 respondents (4%) who had made financial contributions to BID development. Of the 18 who provided a figure, 15 made contributions of less than £500. Therefore, the generation of significant resources to support BID developments through contributions from businesses would require engagement with a large number of businesses, which would be difficult to achieve given the limited resources to support development activities available in the majority of BID areas. Even if there were unlimited resources available for BID development, there is no guarantee that it would be possible to generate significant additional funding from businesses.

2.49 It is significant to note that, whilst RDAs have made significant financial contributions to BID development activities, they have not been identified as playing a significant role in BID initiation or development activities, in contrast to the role played by local authorities.

2.50 **Figure 2.a** shows the breakdown of development funding across all BIDs who were able to provide details, and illustrates the significance of local authority and RDA contributions to financing BID developments across England.

Figure 2.a: Sources of BID Development Funding



2.51 The survey of local authorities with BIDs in their areas found that:

- 15 of the 23 authorities had funded or part-funded BID development activities;
- 11 authorities had made in-kind contributions to support BID developments;
- six authorities had seconded staff to support BID development activities.

2.52 It is important to recognise that, in some areas, the development of the BID has been part of a much wider programme of delivery, with significant levels of funding therefore available. From the case studies, this has been true, in particular, in Paddington and Liverpool.

BID Levy

2.53 The level of BID levies as a percentage of rateable values ranges from 0.5% to 4% (in the Bolton Industrial Estates Partnership), although various thresholds and banding approaches are in place. Of the 22 BIDs who provided levy information, 13 indicated that the levy was set at 1% of rateable value or less.

2.54 Major retailers and national stakeholders have issued guidance indicating that a 1% levy is the highest rate that would normally be acceptable. The survey of BID managers sought information on the influence that this had exerted on the level at which the levy has been set. Responses were as follows:

- in seven areas, the guidance had no impact on the level of the levy;
- the guidance influenced the level of the levy, but other factors were also taken into account, in 12 areas;
- in three areas, the levy was set at 1% in response to the guidance.

2.55 Comments from one of the respondents currently involved in developing the BID proposal are interesting in this context:

> *"Our current thinking is to take account of feedback and aim for 1%. However, as we are yet to confirm what will be included in the BID this could change if the business case can be made to seek a higher levy. We are also looking at a scheme which mixes banding up to a certain level and a straight percentage above that level".*

2.56 The revenues generated by the levy are clearly influenced to a significant degree by the number of premises in the BID area and, more significantly, by the rateable values of the premises within the area. For example, the '1% levy rule' was said to have had an impact on the New West End Company's planning, but the high rateable values in the area meant that a levy of 1% would generate sufficient resources to undertake a significant level of activity. In contrast, in Paddington it was considered that a 1% levy would not generate sufficient revenue to deliver anything of significance, and so the levy was set at 2% (despite some resistance from one of the major banks, which agreed to support this level of levy on the understanding that Paddington was an exception). There was also an absolute cap on levy payments of £20,000 per hereditament in Year 1, indexed for subsequent years.

2.57 In Winsford, the initial planning for the BID was based on the revenues that would be generated through a 2% levy on business rates. However, in determining the level at which the levy should be set, there was a concern that the larger businesses on the estate would bear a financial burden that was disproportionate to the benefits they would gain from the BID. A series of bandings of rateable values was therefore developed to set the annual levy. This leads to a situation where businesses with the lowest rateable values pay £199 per year, whereas the largest businesses pay £1,750. This approach is said to work in a very similar way to the service charges that are in place on other local industrial estates.

2.58 In Reading, the BID levy was open to consultation with businesses and other stakeholders. The BID development team sought to ensure that the rate set in the final proposal was 'digestible' to local business ratepayers.

2.59 The survey of BID managers found that in 15 of the 29 BID areas, certain types of business ratepayers are exempt from payment of the BID levy, whilst discounts are available in 16 areas. **Table 2.8** shows the categories of businesses eligible for exemptions or discounts.

2.60 Table 2.8 shows that, where BIDs offer exemptions to the levy, this is most likely to be for smaller businesses whose premises have a relatively low rateable value. In around a quarter of cases where an exemption is offered, this applies to specific sectors. Levy discounts are most likely to be offered to occupants of shopping centres, as the service charges they pay contribute, in many cases, to the costs of similar services to those offered by BIDs.

Table 2.8: BIDs offering Exemptions and Discounts on the BID levy

	Number of BIDs offering exemptions to the levy	Number of BIDs offering discounts on levy payments
Occupiers of shopping centres or other areas where a service charge is paid to a landlord	1	8
Businesses occupying premises with a rateable value below a specified threshold	13	2
Businesses occupying multiple premises in the BID area		1
Businesses in specific sectors	4	–
Charitable or voluntary organisations	2	7
Educational institutions	2	–
Hospitals	2	1
Public Services free at the point of delivery	1	–

Source: Survey of BID Managers.

2.61 In most BID areas, the revenue generated by the BID levy is dominated by a large number of contributions of less than £500, whilst a small number of businesses are making much larger contributions. **Table 2.9** shows a breakdown of the number of businesses making levy payments by value, based on information provided by 16 BIDs.

Table 2.9: Breakdown of Levy Payments by Value

Levy Payment	Mean number of levy payments per BID area (Base = 16 BIDs)	Median number of levy payments per BID area (Base = 16 BIDs)
£499 or less	310	230
£500 to £999	100	92
£1,000 to £4,999	88	62
£5,000 to £9,999	10	7
£10,000 to £24,999	6	4
£25,000 to £49,000	2	1
£50,000	1	1

Source: Survey of BID Managers.

2.62 The reliance on a large number of levy payers making relatively small contributions, and a small number making significant contributions, does mean that for a BID to achieve sufficient revenue to be viable, BID areas need to include a reasonably significant number of business ratepayers. This is especially the case in the context of the need to establish systems to administer ballots and collect the levy. The variability of rateable values between locations, different levy percentages and differences in planned activity mean that it is not possible to identify a specific minimum number of levy payers to make a BID viable, but we anticipate that this will be a significant influencing factor in determining the BIDs that are taken forward.

BID Duration

2.63 The survey of BID managers and review of business plans for established BIDs where no survey response has been received has shown that the majority (20 out of 28) have a lifespan of five years or slightly less (the maximum possible), whilst five BIDs have received approval to operate for a three-year period. The shortest lifespan of a BID that has been approved to date is two years and three months (Heart of London), which received approval in December 2004 and will therefore be due for a re-ballot in March 2007.

2.64 Opting for the full five-year approval provides the maximum period within which to develop and deliver services in an area. Findings from two of the case study areas provide evidence of the rationale behind opting for a shorter BID lifespan at this stage:

- in the New West End Company, the view was that five years was too long at this stage, but that three years would be sufficient to establish the BID's operations and deliver benefits to businesses in the area that could then be used to secure support for a longer period in a re-ballot;
- in Reading, the environment of the BID area and the town centre as a whole is in a state of significant change. A three-year lifespan was seen as providing sufficient time to achieve an impact, whilst being short enough to allow a response to changing circumstances and issues.

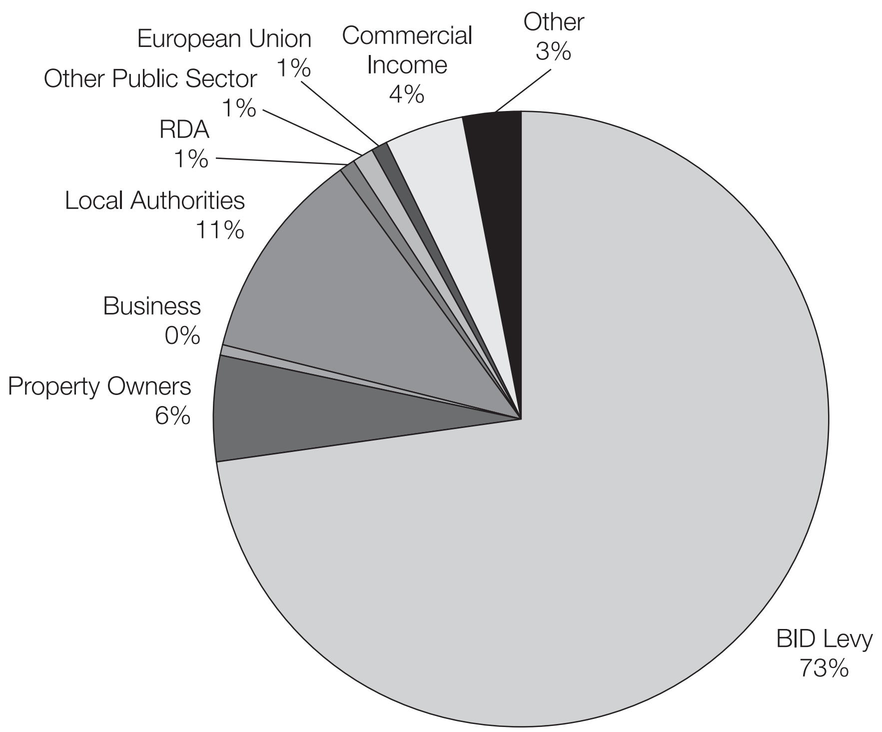
BID Delivery Expenditure and Funding

2.65 In exploring the factors that contribute to BIDs being established, it is important to consider the scale of activities that are being implemented by BIDs and the range of sources of funding that are being used to take these activities forward.

2.66 The median total lifetime BID budget (based on the responses to the survey of BID managers) is around £2,000,000, but budgets range from £287,500 in Winsford to £11.2 million in the New West End. This diversity reflects the differing sizes and characteristics of BID areas. What is clear, however, is that for a BID to be attractive to business ratepayers at a ballot, the level of resources that can be generated must be sufficient to undertake activities of a scale that can be expected to make a difference.

2.67 The scale of total expenditure is a function of the level of resource that can be generated through the levy and also funding generated through other sources. **Figure 2.b** shows the proportion of Year 1 operational funding accounted for by different sources of funding, based on responses from the survey of BID managers, supplemented by evidence from published proposals or business plans, where available.

Figure 2.b: Funding Sources for Year 1 BID Implementation



2.68 Figure 2.b shows that the funding of BID expenditure is heavily dominated by resources generated through the levy. Only four (Coventry, Ealing, Lincoln and Plymouth) of the 25 BIDs for which financial information was available indicated that the levy comprises less than half of the value of their budgeted expenditure for the first year of activity, whilst in three cases (Bolton, Brighton and Waterloo), activities are wholly funded through the levy.

2.69 This suggests that in the majority of cases, the level of levy income that can potentially be generated will be an important factor in determining whether a BID will develop.

2.70 It is important to recognise that, in some BIDs, significant resources have been secured from other sources. For example, New West End Company receives support from property owners, who contribute on the basis of matching the levy on the rateable values of the properties they own. For 2005/06, this generated 21% of the total budget, equating to 37% of the resources generated through the levy. At the BID level, it is not possible to achieve full matched funding because of the number of owner-occupiers. Currently, we understand that 70% of the potential matched funding from property owners is being achieved, although this is provided by just less than one-fifth of owners. This level of support secured from property owners is significantly higher than in all other areas.

2.71 Only two of the businesses based in BID areas interviewed during the survey indicated that they are making a financial contribution to BID implementation apart from payment of the levy.

2.72 A survey of the first six BIDs in London undertaken by Partnership Solutions has shown that they have generated additional income of up to £400,000.[3]

2.73 It is also important to recognise that, in addition to the other sources of funding that are specifically identified within BID budgets, there is evidence of significant additional leverage of expenditure or funding as a result of BIDs that are outside the budgets. For example:

- New West End Company has secured additional funding of £9 million from the Greater London Authority, broadly matching the levy income over the three years. This funding was conditional on a successful BID ballot, with 70% of this funding allocated to projects emerging from the Master Plan for the West End prepared by NWEC;
- Cheshire County Council committed £100,000 for transport improvements conditional on a successful BID ballot in Winsford.

2.74 The survey of BID managers and evidence from BID business plans provides evidence of the proportion of total expenditure accounted for by management, administration and overhead costs. As shown in **Table 2.10**, up to 36% of total budgeted expenditure is accounted for by management, administration and overheads, with a median of 16-18% over the first three years of BID operations.

2.75 The figures presented in Table 2.10 may not be directly comparable in some instances, due to approaches to recording in-kind contributions and the funding of management and administrative staff. For example, in Bristol Broadmead, the full BID budget is identified as being for project delivery because management and administration costs are covered through in-kind contributions from Bristol City Council.

3 Source: "How effective are Business Improvement Districts" Presentation by Dr Julie Grail at Greater Cities in a Smaller World conference, July 2006.

2.76 It is important to note that management and administrative roles may be undertaken by staff who are also involved in the delivery of BID services. This can also create difficulties in isolating management and administrative costs accurately, and may therefore mean that, in some cases, the percentages reported against these roles are higher than is the case in practice.

2.77 In relation to the future funding of BID activities, 23% of businesses in BID areas considered that this should be through continuation of the levy, 21% considered it should come from local authorities, 14% from central government, and 39% did not know.

Table 2.10: Management/Administration/Overhead Costs as a Proportion of total Budgeted Expenditure

BID Name	Year 1	Year 2	Year 3
Bedford	20%	21%	21%
Birmingham Broad Street	13%	19%	19%
Blackpool	12%	12%	12%
Bolton	20%	20%	20%
Brighton	9%	9%	9%
Bristol	0%	0%	0%
Coventry	4%	4%	4%
Great Yarmouth	26%	n.a.	n.a.
Hainault	n.a.	n.a.	n.a.
Ipswich	16%	16%	16%
Keswick	10%	9%	12%
Kingston upon Thames	16%	17%	18%
Lincoln	13%	n.a.	n.a.
Liverpool	36%	36%	36%
Better Bankside	17%	17%	17%
Camden Town	17%	17%	17%
Ealing Broadway	11%	23%	23%
Hammersmith	23%	23%	23%
Heart of London	25%	24%	n.a.
Holborn	21%	22%	22%
London Bridge	12%	16%	19%
New West End	16%	16%	16%
Paddington	34%	34%	25%
Waterloo	18%	n.a.	n.a.
Plymouth	35%	35%	35%
Reading	20%	22%	22%
Rugby	8%	8%	8%
West Bromwich	n.a.	n.a.	n.a.
Winsford	10%	10%	10%

Note: n.a. = not available at time of reporting.
Source: Survey of BID Managers and BID Proposals/Business Plans (rows highlighted).

Areas where no BID Developments are in Progress

2.78 The ‘matching’ area case studies included:

- Malton and Norton, where a BID proposal had been developed and rejected by local business ratepayers in a ballot. It should be noted that the ballot result was close, with 59% of voters in favour by rateable value, but only 42% by number (suggesting that the proposal was viewed more favourably by larger ratepayers voting in the ballot);
- one area where initial discussions regarding the establishment of a BID had taken place, but where there was insufficient support to justify further development activities;
- four areas where there had been no significant discussions of the potential to establish a BID.

2.79 The matching areas are diverse in nature, ranging from a central London borough to a rural market town and including areas of considerable economic success and of significant economic difficulties. However, all were selected as they bore similarities to areas where BIDs are now operational, which therefore raises the question of why BID development activities have been unsuccessful, or why to date there has been no work towards the establishment of a BID.

2.80 With the exception of Malton and Norton, the common theme across the matching areas was the absence of a clear driver for the establishment of a BID. Four of the areas could be regarded as demonstrating relatively strong economic performance, which was said by officers of the local authorities and business representatives to mean that there was not a common issue that would unite the business community sufficiently to wish to progress a BID or support its development.

2.81 For example, one local authority Economic Development Officer interviewed stated *“there is currently no drive for a BID from businesses in the area. A BID would only develop if it was pushed by the Council”*. In another area, the Council prepared a paper about BIDs for the annual budget meeting with the business community. This led to a hostile response from the businesses present and nothing further has happened.

2.82 In the matching area where the local economy is performing less well, the view was expressed that the financial climate means it would be unlikely that a proposal leading to businesses contributing an additional levy would be supported. The difficulties faced by many local businesses are seen to lead to an expectation that the local authority should be undertaking activities to meet the needs of businesses, rather than the businesses themselves acting to take action in response to the needs.

2.83 It has also been argued that the development of a proposal to establish a BID is a forward-thinking approach to respond to business issues, which may not be a priority when a significant proportion of businesses are seeking to address fundamental problems with short term survival. This appears to be the case in town centre schemes, in particular, and it is significant that none of the town centre BIDs that have been established are in areas suffering fundamental issues of performance.

2.84 In addition to the need for a driver of BID developments, there must also be the capacity to carry out the development activities leading up to the establishment of a BID. This was found to be a particular issue in Malton and Norton, where town centre businesses are heavily dominated by small independent businesses, providing very limited capacity for owners and managers to take on the additional responsibilities connected to BID development or other activities, such as canvassing a large number of businesses to support a BID.

2.85 As discussed above, many of the BIDs that have developed to date have received substantial funding to support the activities leading up to and including the ballot. As highlighted earlier, the key sources of development funding have included RDAs and local authorities (together accounting for around 70% of funding), whilst local businesses have contributed only around 3% of development funding. In Malton and Norton, funding from Yorkshire Forward, the RDA, was regarded as critical in enabling the development work to take place.

2.86 There is clearly a need for something to unlock access to these resources. A key driver, galvanising businesses and other stakeholders to act, will clearly be significant in this respect. This drive can come from businesses themselves, or the local authority could pro-actively encourage the development of a BID. With the exception of Malton and Norton, there has been no factor that has prompted such action in the matching areas. For example, in one area the Chamber of Commerce has expressed a potential interest in progressing a BID, but is looking to the Council to take the initiative. However, the Council has stated that it will not be pro-active on BIDs, but would be supportive if the business community took the initiative. In the absence of a strong driver, there is little potential for a BID to be established.

2.87 Following the unsuccessful ballot in Malton and Norton, some businesses are seeking to identify ways in which at least some of the proposed BID activities can be taken forward. However, the most important constraint is a lack of capacity locally to develop and deliver significant activities. This may be a common barrier to the development of BIDs elsewhere, especially outside major urban centres, where structures such as town centre management or business representation may be less well-established and resourced.

2.88 There is a risk that BIDs are regarded as a potential solution for all business-related issues in small geographic areas. This is not the case. For example, in one of the matching areas the key needs for local businesses are regarded as sites and premises, together with associated transport and access improvements. If these developments are to go ahead, they will be in areas that do not currently have a base of occupiers. A BID would not therefore be appropriate at this stage, but there would be the potential to progress BID activities once any new premises are occupied and providing there is a clear common driver.

2.89 As we found during the first phase of the research into the role of property owners in BIDs, the drivers behind the Piccadilly Partnership in Manchester have been key property owners with an interest in the regeneration of the area. In this case, the decision has been taken not to establish a BID at this stage, because the achievement of the objective of the regeneration of the area is likely to lead to a significant change in the nature of the occupiers. Activities to progress a BID may be appropriate at a later date, once the property-driven regeneration activities are complete and new occupiers are in place.

Conclusions

2.90 The establishment of BIDs has been stimulated by a combination of issues affecting businesses and over-arching drivers relating to the improvement of an area. Other important factors have included:

- local authority promotion and encouragement of BIDs. It is significant that the majority of local authorities where BIDs have developed have policies in support of their establishment;
- continuation of town centre management or other area-based programmes;
- the availability of funding for BID development;
- the presence of an individual and/or organisation to provide a stimulus for action and the capacity to deliver development activities.

2.91 The need for significant expenditure during BID development will severely constrain the potential to establish further BIDs if substantial funding cannot be secured. The BIDs that have developed to date have relied heavily on local authority and RDA funding.

2.92 As the most significant source of funding for BID activities, accounting for around three-quarters of total budgets, the level of income that can potentially be generated through the BID levy is a key factor in determining the feasibility of establishing a BID.

2.93 The common theme across the areas where no BID development has taken place to date is the lack of a clear driver. Other reasons identified include:

- the need for capacity to carry out development activities;
- the need to access development resources, if available;
- alternatives to BIDs being more appropriate to meet the key local business needs.

3 Characteristics of BID and Non-BID Areas

Introduction

3.1 In this Section, we discuss the key characteristics of the areas where BIDs have developed to date and those areas where no BIDs have developed, under the following three headings:

- Scale and Nature of BID Areas.
- Key Needs of Businesses.
- Business Community/Local Authority Links.

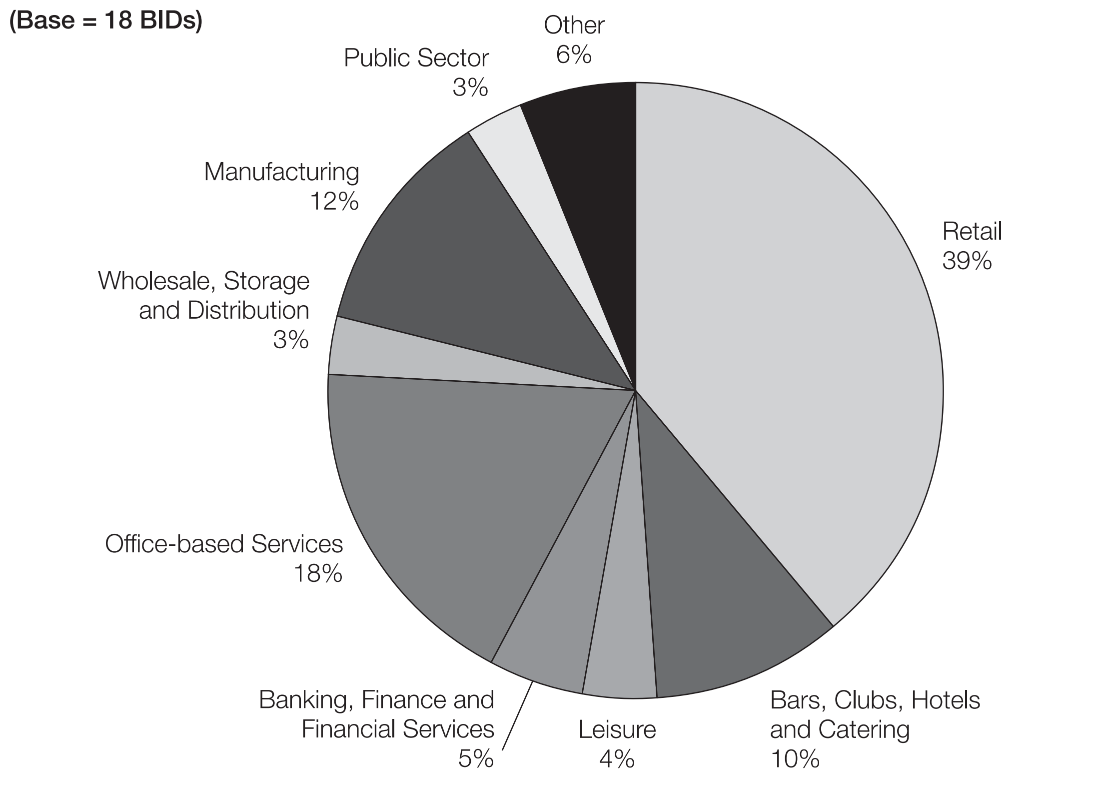
Scale and Nature of BID Areas

3.2 The areas in which BIDs have been established to date differ significantly in scale. The survey of BID managers found that the total number of business ratepayers in the BID area ranges from 108 to 1,400. The mean number of business ratepayers in the BID areas covered by the survey responses is around 490, whilst the median is 380.

3.3 The considerable range in business numbers clearly has significant implications for the scale of work that is required to build and sustain relationships with the businesses operating in the BID area, and therefore the resources required during both the development and implementation phases. It will also have a clear and direct influence on the level of resources that can be generated through the levy.

3.4 **Figure 3a** shows the average breakdown of types of businesses eligible to pay the BID levy.

Figure 3a: BID Area Composition by Category of Ratepayer



3.5 The significant proportion of business ratepayers accounted for by the retail, hospitality and leisure sectors in Figure 3a reflects the dominance of town centre schemes in the BIDs that are currently established or in operation. The manufacturing businesses identified above reflect the dominance of manufacturing in the two industrial estate BIDs responding to the survey, where they account for in excess of 80% of all ratepayers in the BID areas.

3.6 The specific areas covered by individual BIDs have been determined by a number of factors, as demonstrated by the following case study examples:

- **New West End Company** – the focus is on the retail core of the West End. There was therefore seen to be the need to include the three main shopping streets of Bond Street, Oxford Street, and Regent Street, together with the main food enclaves and inter-connecting streets. The BID applies only to retail, hospitality and leisure businesses. The BID therefore covers a series of streets, rather than a distinct area within a boundary, as it was considered that a boundary drawn to include all the streets covered and their surrounding areas would be too large and diverse;
- **Liverpool** – the BID area covers the traditional retail heart of the city, including four shopping centres;
- **Paddington** – the BID area covers an area adjacent to the Paddington Waterside regeneration area, and overlaps with some of the older parts of this area. In the newer areas of Paddington Waterside, occupiers pay different service charges and so were excluded from the BID. Effectively, Paddington Waterside Partnership and the BID are doing similar activities to improve the area as a whole, using different funding streams;

- **Reading** – the BID area covers the core of the town centre, containing the main retail and leisure areas. It includes the units within two managed shopping centres that are accessed from the street, but excludes other units within these shopping centres because their occupiers already pay a service charge and benefit from enhanced services;
- **Plymouth** – the BID area includes the pedestrianised shopping area of the city;
- **Winsford** – the BID area includes the whole of the Winsford Industrial Estate. There are therefore clearly identifiable and unambiguous boundaries to the BID area.

3.7 It is important that there is a clear rationale behind the definition of the BID area, either in terms of logical boundaries to a particular area, or the inclusion of a coherent set of streets and activities (as is the case in the New West End and the Brighton BID).

3.8 In Keswick, the BID boundary encompasses the whole of the town, reflecting that the BID is intended to benefit all businesses in the town, rather than addressing significant problems in a particular area.

3.9 We understand that the proposal to establish a BID in Malton and Norton in North Yorkshire was to cover the whole of the two towns, in order to generate a level of income through the levy that would enable the delivery of an effective range of services. The broad coverage of the BID area meant that businesses on the edge of the proposed area were not necessarily facing the same issues as those in the main retail centres of the towns, where activities were to be focused. This could be a reason for the BID ballot being unsuccessful.

Key Needs of Businesses

3.10 In Section 2, we discussed the factors that have been identified as driving BID developments. Here we consider the key issues identified by businesses operating in BID areas and in the 26 matching areas where no BIDs are in progress.

3.11 **Table 3.1** shows the key needs identified by businesses located in BID areas and those matching areas where no BID-related activities were under way.

Table 3.1: Key Needs of Businesses

Need	Businesses in BID Areas (Base = 750)	Businesses in Non-BID Areas (Base = 761)
Accessibility	18%	12%
Attracting more Visitors/Customers	20%	15%
Car Parking	12%	10%
Crime and Safety	27%	12%
Environmental Improvements	16%	7%
Physical Condition	12%	3%
Staff Recruitment/Retention		6%
Transport Improvements	15%	11%

Source: Surveys of Businesses.

3.12 Table 3.1 shows that the businesses in the two types of area are facing issues that are broadly similar. The key difference between businesses in areas where BIDs are established and those with no BID developments is that the former were more likely to focus on one or two key issues. The relative lack of focal issues in those areas where no BID has developed may help to explain why, to date, BIDs have not developed in these areas. Conversely, it could be that the development and delivery activities taking place in BID areas may have created a clearer focus among businesses on particular key issues (although, as we discuss later, the evidence of awareness of BIDs and their activities does not suggest that this is the case).

3.13 The non-BID areas were selected to provide postcode areas that include locations similar to those where BIDs have been established or are being developed. These areas are inevitably broader than the specific BID locations, which may help to explain the relative lack of focus in the needs identified in the survey.

3.14 When asked about the extent to which these key issues are being met currently, 14% of respondents in areas without BIDs considered that the most important needs of businesses in the area are being met in full, 46% considered that they are being met partially, whilst only 17% of businesses indicated that the most important issues are not being met at all (23% did not know). In contrast, only 33% of businesses in BID areas indicated that their key needs are being fully or partially met. This suggests that BIDs have developed in areas where businesses have needs that are not being met by existing arrangements. This may therefore be creating the impetus that is not seen elsewhere for businesses and other organisations to work towards establishing a BID.

3.15 The key issue perceived by businesses as not being addressed currently is car parking, mentioned by 10% of businesses in BID areas and 18% in non-BID areas. The availability of sufficient and suitable car parking is clearly a major influencing factor on the attractiveness of town centres and their ability to compete with out-of-town and other retail centres. A number of BIDs are undertaking activities to improve parking facilities, especially in relation to safety and security. However, it may be unrealistic to consider the establishment of a BID as a means to address fundamental issues of the supply of parking, due to the capital costs of providing new high quality facilities. There is also a potential conflict with local authority policies on sustainability and reduction of the use of private cars in town and city centres.

3.16 Whilst the surveys were able to identify the range of issues facing the businesses interviewed, it must be stressed that the establishment of a BID is only one possible mechanism to respond to such issues. In addition, whilst the establishment of a BID may be an appropriate business-led response to some issues, it may not be able to address the most significant problems.

3.17 Businesses in non-BID areas were asked to indicate who, in their view, should be responsible for addressing the issues they identified as being most significant. Most respondents (56%) considered that local authorities should be responsible for actions to address the key area issues, followed by businesses (21%) and central government (17%).

3.18 The key areas for which local authorities are perceived as being particularly responsible are accessibility, transport links and physical condition or repairs and maintenance. Businesses are perceived as being responsible for attracting visitors or customers and staff recruitment/retention. Central government is perceived as being particularly responsible for addressing issues relating to transport links.

3.19 Most respondents (52%) also considered that local authorities should be responsible for financing the actions to address the key area issues, followed by central government (22%) and business (21%).

3.20 Therefore, whilst there is some recognition that businesses should be responsible for undertaking and funding activities to address the key issues they face, the predominant view is that local and central government should take on these responsibilities. In this context, the decision to progress towards the establishment of a BID may require something of a change in mindset.

Business Community/Local Authority Links

3.21 The business surveys sought information on the links over the past two years between the participant businesses and the local authorities where they are located. In BID areas, 39% of businesses indicated that they had been involved in links with the local authority. Around the same proportion (36%) of businesses in areas without BIDs had been involved in links with the local authority. The types of links reported included:

- meetings with officers or members (22% of BID area businesses, 17% in non-BID areas);
- receiving or responding to consultation documents (17% and 12% respectively);
- responding to service satisfaction surveys (13% and 10% respectively);
- holding contracts to supply goods or services (12% in both surveys).

3.22 There was no strong evidence on the reasons for involvement in links with the local authority. The reasons were as follows (in descending order of importance):

- better relationships with the council;
- increasing business turnover;
- enhancing local company profile;
- access to new ideas or techniques;
- enhancing the skills of staff.

3.23 The findings from the business surveys suggest that there is no significant difference in the nature of relationships between local authorities and businesses in those areas where BIDs have been established to date and those where no BID developments have taken place.

3.24 The surveys of local authorities with and without BIDs have shown that they generally place a high priority on partnership working with the business community, whilst less priority tends to be given to consultation. Authorities with no BIDs in their areas appear to give a higher priority to information dissemination than is the case for those authorities where BIDs have been established.

3.25 **Table 3.2** shows the number of local authorities placing a high priority on partnership working with different categories of business. This shows that there is little variation between local authorities with and without BIDs in the categories of businesses they prioritise for partnership working. A slightly higher proportion of authorities with no BIDs prioritise working with business representative organisations. It is possible that this is a reflection of the fact that in those areas with BIDs, the establishment and operation of the BID provides a mechanism for the council to work with individual businesses that is not available elsewhere, therefore increasing the importance of representative organisations.

Table 3.2: High Priority Businesses for Local Authority Partnership Working

	Number of Authorities with BIDs established/ in development (Base = 22)	Number of Authorities with no BID developments to date (Base = 21)
Large businesses	16	14
Small businesses	13	15
Manufacturers	10	11
Retailers	11	12
Other service sector businesses	7	12
Nationally-based businesses	7	9
Locally-based businesses	14	19
Business representative organisations	9	16

Source: Local Authority Surveys.

3.26 From a local authority perspective, the most important reasons for involvement in partnership working with the business community are (in descending order of importance):

- improving local economic performance;
- increased investment;
- capital developments or improvements;
- shaping strategic vision;
- influencing other stakeholders.

3.27 Local authority perceptions of the effectiveness of their working relationships with the business community are set out in **Table 3.3**. This shows that, in most cases, local authorities see their relationships with businesses as being effective. In this context, however, it is important to recognise that local authorities are diverse organisations that interact with businesses in a number of different ways, whilst it is unrealistic to view businesses as a single community. There will inevitably be variations in the effectiveness of relationships across local authorities and with different groupings of businesses.

Table 3.3: Effectiveness of Local Authority-Business Working Relationships		
	Number of Authorities with BIDs established/ in development (Base = 22)	**Number of Authorities with no BID developments to date (Base = 21)**
Working relationships between the authority and the business community are very effective	1	5
Working relationships between the authority and the business community are generally effective, but with some weaknesses	18	14
There are significant weaknesses in the working relationships between the authority and the business community	2	2
Working relationships between the authority and the business community are largely or totally ineffective	1	–

Source: Local Authority Surveys.

3.28 From the local authority perspective:

- there is no significant difference between BID and non-BID areas in the effectiveness of working relationships between councils and the businesses in their area;
- the most important barrier to businesses becoming involved in links with the authority was a lack of time (the same result was provided in BID and non-BID areas). Perceived lack of relevance and impact were also identified as important barriers in both types of local authority area. Only two authorities with BIDs in their areas indicated that a lack of understanding by businesses of local authorities was of any importance. In contrast, 16 authorities with no BIDs in their areas highlighted this as an 'important' or 'very important' issue.

3.29 The most important constraints on the development of partnerships with the business community from a local authority perspective were identified as (in descending order of importance):

- shortage of officer time;
- limited response from businesses;
- cost;
- difficulty identifying appropriate business contacts.

3.30 Based on responses to the surveys, there is no significant difference in the nature and effectiveness of links between local authorities and the business community in areas with a BID and those where no BID developments have taken place, or where proposed BID development has not received sufficient support from the business community. This suggests that the development of BIDs has not been influenced by the general relationship between local authorities and businesses.

3.31 We are aware of BIDs where developments have been based on well-established local authority-business partnerships through town centre management schemes, but also of examples where local authority-business links have been less well-established. For example, one local authority officer consulted during the case studies stated that the 'nationalisation' of business rates severed the principal link between the council and the business community. In this area, it was stated that businesses are "doing very well without engaging with the council".

Conclusions

3.32 There is significant difference in the size of BID areas, which has implications for the scale of activities required during the development and implementation phases, and the level of resources that can be generated through the levy.

3.33 The needs of businesses in areas with BIDs established or in development, and those where no BID developments have taken place are broadly similar. However, in BID areas businesses appear to be more focused on a small number of issues than is the case where no BIDs have developed.

3.34 In BID areas, businesses are less likely to report that their most important needs are being met than businesses in similar areas without BIDs. This may be a factor stimulating BID developments.

3.35 Businesses in non-BID areas are most likely to consider it to be the responsibility of the local authority to address the key issues they face. In this context, the decision to progress towards the establishment of a BID may require something of a change in mindset.

3.36 There is no significant difference in the nature and effectiveness of relationships between local authorities and the business community in areas with and without BIDs. These findings suggest that the development of BIDs has not been influenced by the general relationships between local authorities and the business community.

4 BID Activities and Achievements

Introduction

4.1 In this Section, we discuss the evidence relating to the achievements of BIDs to date, under the following eight headings:

- BID Activities
- Business Awareness and Understanding of BIDs
- BID Ballot
- Delivery Progress and Performance to Date
- Key Performance Indicators and Performance Management
- Expected Business Benefits from BIDs
- Expected Local Authority Benefits from BIDs
- Other BID Benefits

BID Activities

4.2 The survey of BID managers has provided information on the breakdown of expenditure across different categories of BID activity for the first three years of operations. **Table 4.1** shows the median and range in proportions of delivery expenditure accounted for by projects in each category of activity.

Table 4.1: Average Proportion of Delivery Expenditure by Category

Category	Median Year 1 as % of total delivery spend	Minimum Year 1 as % of total delivery spend	Maximum Year 1 as % of total delivery spend
Environmental improvements	13%	3%	100%
Evening economy	11%	10%	14%
Marketing, promotion and events	32%	15%	53%
Cleaning	20%	10%	33%
Safety and Security	31%	9%	100%
Transport and Accessibility	9%	2%	15%
Other	4%	2%	45%

Source: Survey of BID Managers.

4.3 This shows that three key areas account for a significant proportion of total delivery expenditure: marketing and promotion, cleaning and safety, and security.

4.4 The case studies have provided more detailed information on the types of activity that BIDs are delivering or planning to deliver. Some examples of key activities in each category are provided in **Table 4.2**.

Table 4.2: Example BID Activities by Category	
Marketing and PR	– Development of a BID area brand» – Promotional campaigns – Christmas lights – Website developments
Safety and Customer Care	– Street Wardens/Police Community Support Officers – CCTV installation, expansion and monitoring – Signage and lighting – Property marking
Environmental Enhancement	– Improved street cleansing – Graffiti removal – Paving and street furniture repairs – Landscape improvements
Leadership	– Business advocacy, championing and representation – Business networking and brokerage – Planning and development liaison
Investment	– Capital fund – Small grants fund
Transport and Parking Improvements	– Shoppers bus – Pay–on–exit parking – Park and Ride scheme

Source: Case Study Consultations/BID Business Plans.

4.5 The case studies and review of BID business plans and proposals have shown that BIDs tend to be delivering a core of similar types of activity, with particular actions tailored to the specific needs of individual BID areas. This is especially the case in relation to town centre schemes.

4.6 The funding regime for BIDs has a significant influence on the scale and nature of the activities they are taking forward. The focus in developing BIDs has been on activities that will secure the support of business ratepayers in a ballot. This has led to an emphasis on activities that will improve an area for the existing business occupants, rather than achieving a fundamental transformation of an area that would lead to a significant change in business occupiers.

4.7 Where a more fundamental transformation of an area is required, that will lead to a significant change in the nature of the occupiers, alternatives to establishing a BID are appropriate. For example, the Piccadilly Partnership in Manchester decided not to progress the establishment of a BID at this stage because the BID format does not fit with the agenda of the property owners and other key players involved. Alternative arrangements have therefore been put in place, which provide a framework for achieving their objectives.

Business Awareness and Understanding of BIDs

4.8 We sought to identify the extent to which key business decision makers are aware of BIDs. In BID areas, this tested the awareness and understanding of the specific BID. In the matching areas, awareness and understanding of the concept of BIDs was investigated. In both types of area, the surveys targeted managers with overall responsibility for payment of business rates.

4.9 Both surveys found relatively low levels of awareness of BIDs. In BID areas, only 49% of respondents claimed initially to have heard of the BID in their area. A number of factors could help to explain this, including a generally low level of awareness, but also the lack of awareness of the individual interviewee, lack of awareness of the specific company contacted, turnover of occupiers or individuals, or the impact of rateable value thresholds in BID balloting or levy arrangements.

4.10 Business relocations could have meant that those organisations contacted during the survey had not been in the area during the development phase and therefore when activities were taking place to raise awareness in the period immediately prior to the BID ballot. However, there is no evidence from the survey of a rapid turnover of businesses in BID areas. Of the 318 respondents[4] who were asked about their time at the current location, only 24% had been located in the BID area for less than five years.

4.11 Those respondents who had heard of the BID in their area perceived its key purposes as follows:

- environmental improvements (41%);
- benefits for local businesses (22%);
- increased security (12%);
- town centre improvements (10%);
- money for improvements (10%);
- increased tourism/more visitors (9%).

4.12 Where BID area businesses were aware of the BID operating in their area, there appeared to be a general understanding of its broad areas of activity, but few of those interviewed were able to make reference to the BID's specific purpose.

4.13 Awareness of specific BID activities was limited. Three-quarters (73%) of businesses interviewed in BID areas were unaware of any BID activities carried out since the ballot. The most visible BID activities to date were as follows:

- cleaning of streets, removal of graffiti and chewing gum (10%);
- rangers and street wardens (8%);
- CCTV, increased security and better policing (5%);
- flowers and hanging baskets (3%).

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4 Following discussions during one of the case study visits, an additional question was added part way through the business survey to explore the extent of business turnover among respondents. Therefore, 318 survey participants were asked this question.

4.14 Awareness of any BID activities was relatively high in Rugby (56%), Birmingham (45%), Liverpool (40%), Plymouth (40%), Holborn (39%) and Bristol (38%), and in the three business park schemes included in the survey (Bolton – 71%, Winsford – 50% and Hainault – 38%). Awareness of any BID activities was relatively low in Hammersmith (0%), Camden (3%), Brighton (10%), New West End (12%), Blackpool (13%) and Ealing (15%).

4.15 **Figure 3b** shows the level of awareness plotted against the date of the BID ballot. There are no obvious reasons for this range in levels of awareness, although we would expect awareness of BID activities to be relatively high in the business parks. It should be noted that the size of the sample in each BID area means that it is not possible to draw robust conclusions at this level.

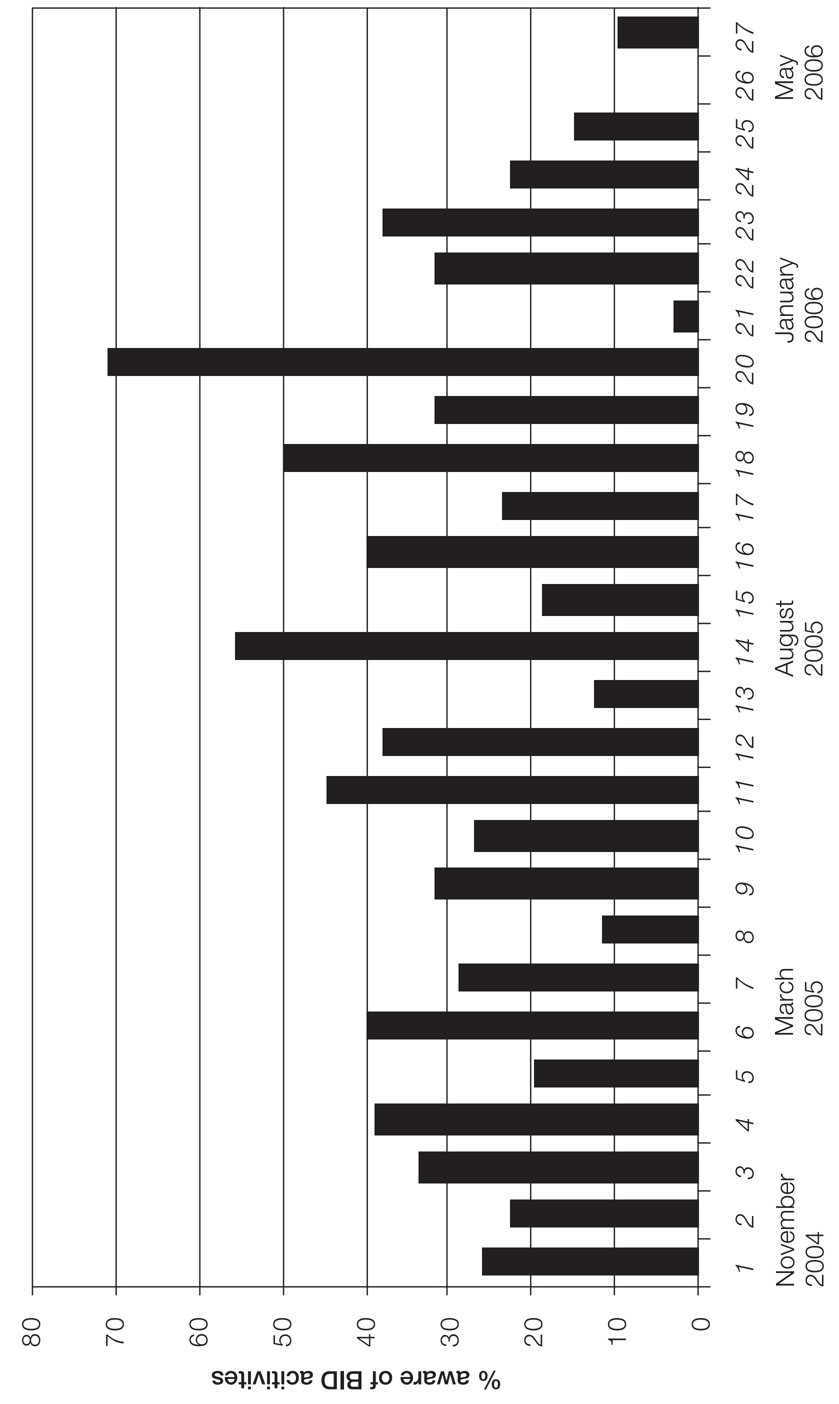
4.16 The survey of businesses in those areas where no BID has been established or development activities have been unsuccessful found that only 8% of respondents (61) had heard of BIDs. Of these, 19 stated that they did not know what BIDs were. The 42 respondents who claimed to know what BIDs were provided 17 descriptions of their understanding of BIDs. However, only five of these descriptions, mentioned in 26 of the responses, represented reasonable descriptions of the role of BIDs.

4.17 This lack of general awareness and understanding of BIDs across the business community is potentially a major barrier to the further development of BIDs.

4.18 Only 2% of respondents in non-BID areas were aware of any discussions about establishing a BID in their area. Of these 13 respondents, seven were unaware of the stage that these discussions had reached, three indicated that a BID proposal was being developed, one was aware that an unsuccessful ballot had been held, and one indicated that the feasibility of establishing a BID was being explored.

4.19 Limited awareness of BIDs among key decision makers may be a significant constraint on their wider development. This may also help to explain why there is little evidence to date of new groups of businesses coming together to explore the potential to establish further BIDs.

Figure 3b: Awareness of BID activities over time



1	Kingston
2	Heart of London
3	Bankside
4	Holborn
5	Coventry
6	Plymouth
7	Paddington
8	New West End
9	Bedford
10	Lincoln
11	Birmingham
12	Bristol
13	Blackpool
14	Rugby
15	Keswick
16	Liverpool
17	London Bridge
18	Winsford
19	Reading
20	Bolton
21	Camden
22	Waterloo
23	Hainault
24	Great Yarmouth
25	Ealing
26	Hammersmith
27	Brighton

BID Ballot

4.20 Only 22% of business respondents in BID areas had voted in the BID ballot. Of those that did not vote, most (74%) stated that they did not know the ballot was taking place. This may indicate that the interviewee was not the person voting on behalf of the business in many cases.

4.21 In addition, rateable value thresholds have meant that in around half of BID areas a number of categories of business are exempt from paying the BID levy. In some areas, this has meant that a significant number of businesses would not have been canvassed or received information relating to the BID ballot, which could have a significant impact on the answers to this question, because the sampling of businesses in each BID area was undertaken on a random basis.

4.22 Just less than one-third (29%) of respondents were able to identify a key factor influencing their willingness to support the BID. The five key factors were (balance of positive over negative responses):

- the nature of the proposed activities +89;
- business people leading the BID +72;
- effective communication of the proposals +51;
- other organisations/individuals supporting the BID +43;
- cost of the levy –18.

4.23 This suggests that the potential success of a proposal to develop a BID is closely linked to what the BID will deliver. However, it is also important that the people with overall responsibility for leading development activities are credible. This may make it easier to secure support where a track record of delivery has been established, as was the case in those areas, such as the Circle Initiative, where 'pilot' BIDs had been in operation, or where a previous regeneration partnership existed and was regarded as successful.

4.24 It is clear from the case studies that the groups undertaking BID development activities committed significant resources to encourage ratepayers to vote in the ballot. For example, in Winsford close contact was maintained during the ballot period with Electoral Reform Services, in order to track which businesses had voted so as to target those who were expected to vote in favour but who had still to vote.

4.25 Some difficulties were experienced by BID development teams in identifying specific individuals within businesses located in the BID area, even where there were close links with the BID development team. This is a particular issue with nationally owned or managed businesses, where relationships were initially established at the local level, but, as one BID Operations Manager commented, they are "powerless to do anything about 'their' vote".

4.26 The resources required in the period surrounding BID ballots may create a significant issue in the lead-up to re-ballots at the end of the current BID period, with a risk of diverting focus away from management and delivery of BID services. This may be the case, in particular, in BIDs with a shorter lifespan, such as the Heart of London.

Delivery Progress and Performance to Date

4.27 In some cases, the delivery of BID activities commenced immediately following the successful ballot. For example, New West End Company had been operating as a 'pilot' BID prior to the ballot and therefore the delivery of the formal BID was an evolution of previous activities, albeit on a significantly larger scale. Similarly, in Paddington previous activity under the Circle Initiative meant that there was an established structure for delivery and therefore immediate action was possible.

4.28 In contrast, in Winsford the successful ballot took place in November 2005, with formal delivery of the BID starting in April 2006. The intervening period provided time to establish structures and prepare actions prior to the implementation of delivery. Similarly, in Reading there was a planned four-month period between the ballot in November 2005 and commencement of delivery, which was used to ensure that the BID could 'hit the ground running'. During this period, contracts were established with suppliers and the local authority established the systems for collection of the BID levy. This enabled rapid actions to be taken following the launch of the BID to achieve an immediate improvement in cleanliness. As the chair of the BID commented:

> *"We were keen to get some quick wins, on the steam cleansing, for example. It gives a visible demonstration of what is being achieved by businesses' contribution".*

4.29 There is clear logic in a short planning or development period following the ballot, where necessary. However, there is a potential issue that the intense activity leading up to the ballot raises expectations that there will be immediate actions leading to changes in the BID area. Management of these expectations is therefore critical.

4.30 In terms of whether BID activities planned or being carried out are addressing the most important issues facing businesses:

- 10% of respondents to the business survey said fully;
- 23% said partially;
- 14% said not at all;
- 53% did not know.

4.31 Just less than one-third (29%) of businesses interviewed in BID areas considered that the BID is delivering services that should already be provided by the local authority, 28% considered the BID will add value to council services, and 42% did not know.

4.32 The survey of businesses in BID areas provides an indication of business perceptions of BID performance to date. In terms of whether the activities of which respondents were aware are delivering the outputs expected from the BID:

- 25% said fully;
- 26% said partially;
- 11% said not at all;
- 23% said it was too soon to say;
- 16% did not know.

4.33 Most local authorities indicated that it was still too early to comment on the extent to which the BIDs in their areas were delivering against their objectives. Of those who did make a judgement:

- one reported performance slightly ahead of objectives;
- seven reported performance to be in line with objectives;
- two reported that performance is slightly behind objectives.

4.34 The comments from both businesses and local authorities reflect that at the time of the fieldwork, many BIDs were still at very early stages in their implementation, but that early performance is quite promising.

Key Performance Indicators and Performance Management

4.35 A review of BID business plans and proposals provides evidence of the key indicators that have been identified to monitor BID performance. **Table 4.3** sets out the indicators that have been identified in the 18 areas where information was available.

Table 4.3: Key Performance Indicators for BIDs	
Indicator	**Number of BIDs**
Footfall	17
Perceptions of visitors/users/residents	16
Reported crime	14
Business turnover/retail sales/trading index	14
Vacancy rates/turnover of occupiers	11
Car park usage	7
Perceptions of businesses	6
Environmental quality (ENCAMS)	6
Perceived fear of crime	6
CCTV/Ranger/PCSO incident logs	6
Visitor expenditure	5
Public transport usage	5
Hotel occupancy	4
Retail theft/stock loss	4
Property values/rentals/yields	4
Staff recruitment/retention/turnover	2
Others	30

Source: BID Business Plans/York Consulting Limited.

4.36 As shown in Table 4.3, the most frequently cited indicators are footfall, the perceptions of customers, reported crime (often broken down by the type of offence), measures of business turnover, and vacancy rates and the turnover of occupiers. In practice, the focus of BIDs to date has been on delivering activities rather than on collecting evidence relating to performance indicators.

4.37 BIDs are using, or planning to use, a range of approaches to gather evidence to support monitoring and evaluation, as set out in **Table 4.4**.

Table 4.4: Approaches to gathering Monitoring and Evaluation Information	
Approach	**Number of BIDs**
Surveys of business ratepayers	22
Surveys of visitors/users of the BID area	16
Individual consultations with business ratepayers	18
Individual consultations with representatives of other stakeholder groups	10
Group discussions/focus groups with business ratepayers	14
Group discussions/focus groups with other stakeholder groups	7

Source: Survey of BID Managers.

4.38 In Reading, a range of measures are in place to monitor delivery of the BID's activities. As the majority of activities are additions or enhancements to existing services, monitoring of delivery will be through existing processes for the services concerned, rather than the introduction of new or additional approaches.

4.39 In the New West End area, part of the Red Cap Warden role is to audit the delivery of services on the ground. A CAD drawing of the BID area is currently being prepared that will enable the identification of every individual element in the public realm requiring attention. A quarterly review process has been instigated. As part of this, the NWEC Chief Executive and the Council's relevant Senior Officer walk around the area identifying issues, as part of a process of active management of the baseline agreement with Westminster City Council.

4.40 A number of the first BIDs to be established have now published reviews of their first year of activity and performance. The evidence from five of the BIDs established prior to August 2005 shows that in two areas, the emphasis has been on summarising activities that have been undertaken and setting out plans for future activities, rather than commenting on the outputs and outcomes generated by BID activities.

4.41 Where there is evidence on performance, this includes:

- reductions in crime levels;
- increased footfall;
- visitor ratings of the BID area;
- views on the performance of the BID company.

4.42 The ability of BIDs to provide clear evidence of the performance of their areas and the activities they have delivered that have contributed to area improvements will be critical in securing continuation of the BID at a re-ballot. This must start as early as possible in the BID's life. However, limited numbers of management and administrative staff in most BIDs will limit the capacity to establish significant performance measurement and management systems. This creates a risk that BIDs do not capture evidence of the benefits they have delivered, thereby undermining the potential to make a convincing case to business ratepayers for their continuation at a re-ballot.

Expected Business Benefits from BIDs

4.43 One-third (34%) of BID area businesses in the survey expected to benefit from the BID, 34% did not expect to benefit and 32% did not know. The most important benefits expected were as follows:

- increased number of visitors/customers (53%);
- reduced crime levels (24%);
- higher business profile (12%);
- cleaner environment (10%);
- improved access for customers (9%);
- more effective marketing (8%).

4.44 Of those respondents who did not expect to benefit from the BID, the principal reasons were that the type of activities are not relevant to their businesses (50%) and the business is not located in the area in which the BID activities are being targeted (19%). This latter point reflects the importance of BID areas being sufficiently focused. If businesses perceive that their levy payments only benefit other businesses, this will clearly impact on the willingness of these businesses to support the BID going forward.

4.45 Only 11% of businesses expected to face negative impacts as a result of the BID. Of the 80 respondents who identified a negative impact, 51 (62%) mentioned increased costs due to the BID levy.

Expected Local Authority Benefits from BIDs

4.46 Local authorities with BIDs in their areas were asked to comment on the impact of BID developments on the nature of their links with the business community and the anticipated contribution of the BID or BIDs to the achievement of overall priorities.

4.47 Feedback from the local authorities participating in the survey indicated that the development of a BID has had a number of impacts:

- the number of contacts between the authority and businesses in the BID area has increased (12 authorities);
- the nature of contacts between the authority and businesses has changed (11);
- there are closer relationships between the authority and businesses more generally (6);
- it has helped to overcome some of the difficulties the authority faces more generally in working with businesses (6).

4.48 This suggests that the establishment of BIDs may lead to a situation where there are better local authority-business community relationships in those areas with BIDs than those without, despite the baseline positions being broadly similar.

4.49 Five authorities indicated that BID developments have had no impact on relations between them and the business community.

4.50 In the survey of businesses in BID areas, 59% of respondents considered that there had been no change in relationships between their business and the local authority as a result of the BID. Only 8% considered relationships to be closer in any way (30% did not know).

4.51 In relation to the contribution of BIDs to the achievement of overall priorities:

- 10 authorities indicated that BID activities will make an important contribution to the achievement of their overall priorities;
- seven authorities regarded BID activities as complementary to the achievement of their priorities;
- three authorities indicated that BID activities are addressing issues that would not otherwise be an issue for them.

4.52 There is a high level of expectation among local authorities of the impact that BIDs will have on their areas. Eleven authorities were of the view that BIDs will have a significant impact on their areas, whilst eight were of the view that BIDs will have some impact. Two authorities expressed the view that BIDs will provide benefits during their operation, but with limited on-going impacts.

Other BID Benefits

4.53 The formal status of BIDs as a result of their approval at a ballot is seen as providing considerable benefits. BIDs are said to be perceived differently by local authorities, and other stakeholders, than was the case with predecessor voluntary bodies. For example:

- NWEC has been involved in the Transport Action Plan and closing Oxford Street to traffic on two occasions. NWEC has also developed a Master Plan for the West End, which identified the inefficiency of the transport system as a key issue. As a result, Transport for London took the decision to undertake a study of bus movements;
- in Paddington, the BID is perceived to have greater influence because it is a regulated and monitored body established through a democratic ballot. This was seen as important in the context of the petition submitted to government on behalf of businesses in the area on the implementation of Crossrail;
- in Winsford, the Business Environment Group has applied to the council to become an official consultee for planning applications affecting the estate. This reflects the benefit of the BID providing the collective voice of all the employers on the estate, and therefore a critical mass, rather than there being a number of individual business responses that do not have the same level of significance.

Conclusions

4.54 Three key areas of activity account for a significant proportion of total BID expenditure: marketing and promotion, safety and security, and cleaning. These tend to be the core categories of activity, with specific actions tailored to particular local needs.

4.55 The funding regime for BIDs has a significant influence on the scale and nature of the activities they are taking forward. This has led to a focus on activities that will improve an area for the existing business occupants. Alternatives to BIDs may be more appropriate where fundamental activities are required to transform an area.

4.56 There are currently relatively low levels of awareness and understanding of BIDs among businesses, which may be a constraint on their future development.

4.57 The willingness of businesses to support BIDs is influenced by the appropriateness of the proposed activities and the credibility of those leading the BID. An established track record of delivery has proved helpful in securing the support of business ratepayers.

4.58 Whilst it is early days to be commenting on the performance of BIDs, there is a general view from local authorities that the BIDs in their areas are progress in line with expectations.

4.59 BIDs have indicated that they are planning to use a range of indicators to monitor their performance. In practice, the focus of BIDs has been on establishing and delivering their planned activities. There is a risk that if BIDs are unable to demonstrate evidence of the outcomes they have delivered, their potential for continuation through a successful re-ballot will be undermined.

4.60 The benefits that businesses expect as a result of the establishment of BIDs, such as increased visitor/customer numbers, reduced crime levels and a higher business profile, indicate that there is a need for BIDs to be able to demonstrate outcomes as well as the activities they have delivered.

4.61 The benefits of BIDs identified by local authorities include increased contacts and closer relationships with businesses, helping to overcome some of the difficulties they currently face in working with the business community. The existence of BIDs may, over time, lead to a situation where there are better local authority-business community relationships in those areas with BIDs than those without, despite broadly similar baseline positions.

5 BID Management and Governance

Introduction

5.1 In this Section, we set out the findings in relation to the management and governance of the BIDs that have been established to date, under the following headings:

- Management and Administrative Staff.
- BID Boards.
- BID Sub-groups.

Management and Administrative Staff

5.2 It is clear from the survey of BID managers that BIDs are operating as very lean organisations, with small complements of management and administrative staff.

5.3 Details of staffing levels were provided for 22 BID areas. In terms of management numbers:

- 19 BIDs have any full-time managers. In nine cases, one manager is employed full-time, seven have two full-time managers, and one BID has four and one has five people involved in full-time management roles;
- four BIDs have part-time managers, one of these having two people working part-time in management roles;
- 18 BIDs have between one and two FTE managers, one has four and one has five FTE managers. Two BIDs included in the survey are managed on a totally part-time basis, one having a manager working half-time on the BID, whilst the other has a manager working just half a day per week on the BID.

5.4 In terms of administrative staff:

- six BIDs have one full-time administrator, two have two administrative staff working full-time, and one has four full-time administrators;
- five BIDs have one part-time member of administrative staff and seven have two;
- in terms of FTEs, administrative staffing ranges from one person working half a day per week to four full-time equivalents. Ten of the 22 BIDs providing details of their staffing have one FTE in administrative roles.

5.5 In terms of total management and administrative resource, 13 of the 22 BIDs have two to three FTEs. Figures range from 0.2 FTEs (i.e. one day per week of management/administrative time) to two BIDs that reported six FTE managers and administrators.

5.6 These relatively low levels of management and administrative staff are a reflection that, in many cases, BIDs could be described as 'virtual' organisations, often working alongside or within other bodies such as town centre management companies or regeneration bodies. These links to other organisations have the advantage of providing flexibility and access to additional resources where necessary.

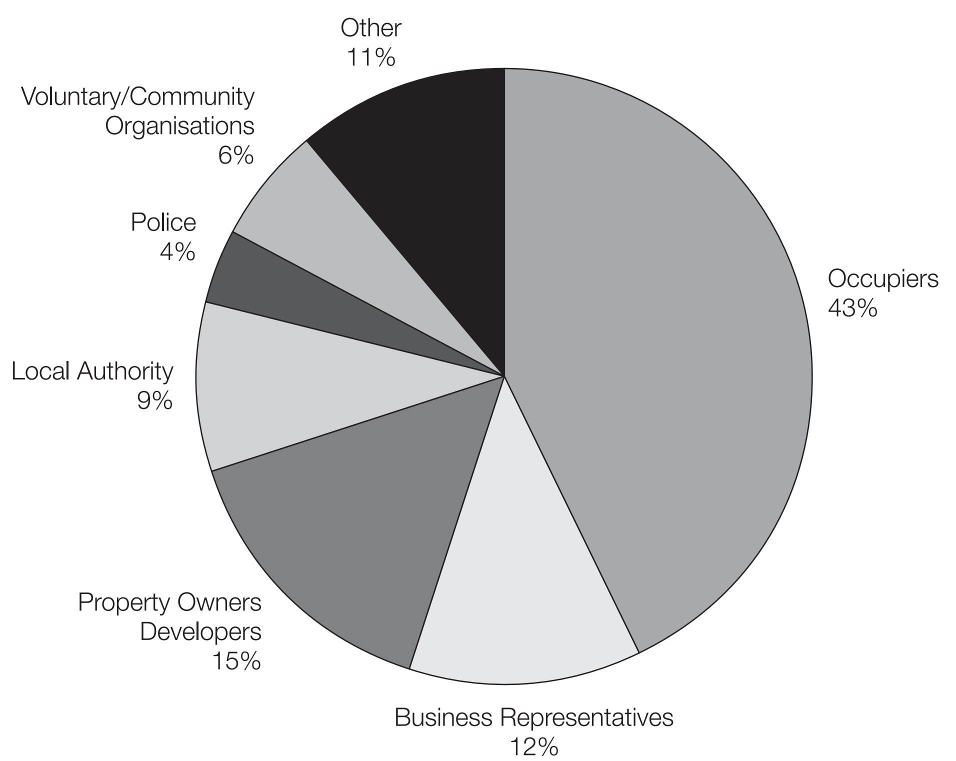
BID Boards

5.7 Eighteen of the BID managers responding to the survey were able to provide details on the size and composition of their BID Boards. This has shown considerable variation in size, from an eight-member board up to one BID whose Board has a total membership of 33. Ten BIDs have Boards of between 12 and 17 members.

5.8 **Figure 5.a** shows the average composition of a BID Board, based on the responses to the survey of BID managers and reflecting the significant role played by occupiers of premises in the BID area on these bodies.

5.9 Thirty of the businesses interviewed in BID areas had been involved in BID implementation activities, mostly as members of the BID Board (eight respondents) or working groups (11 respondents, of which two were also Board members).

Figure 5.a: BID Board Composition



5.10 Of these 30 respondents, 17 had also been involved in BID development. This implies that 64% of businesses involved in BID development were not engaged in implementation, and that 43% of businesses involved in BID implementation had not previously been engaged in development.

5.11 The case studies provide further information on the way in which BID Boards operate:

- New West End Company has a Management Board with 29 members, who elect an Executive Board of 14, who are responsible for controlling operations and deliver decisions, with day-to-day operational responsibility delegated to the Executive Team. Three members of the Executive Board act as a Governance Committee. The composition of both the Management and Executive Boards includes representatives of retailers in each of the BID's key streets, property owners, three street associations and strategic agencies;
- Paddington BID has a 17-member Board, comprising levy payers, voluntary contributors and residential interests (non-voting). Board places for levy payers are allocated on a sectoral basis, based on a combination of total numbers and the proportion of BID levy income generated from the sector;
- in Liverpool, there is a 27-member Operating Board, which meets twice a year, with a Steering Group of eight members overseeing day-to-day delivery;
- in Winsford, all occupiers on the estate are members of the Business Environment Group and therefore have voting rights in relation to the operation of the BID. The Business Environment Group meets three times per year and votes on an Executive Board of seven members, who are responsible for directing day-to-day delivery and managing and monitoring expenditure by Groundwork, who are responsible for managing delivery.

5.12 The survey of BID managers provided a perspective on the current level of engagement of Board members in the delivery of 14 BIDs. This has shown a relatively high level of engagement in activities over and above simple attendance at Board meetings. From the perspective of the BID managers:

- over one-third of Board members are engaged to a significant extent in activities relating to the BID other than attendance at Board meetings;
- around a quarter of Board members are somewhat engaged in activities other than attendance at Board meetings;
- around a quarter of Board members attend most or all Board meetings;
- only around one in seven Board members attend relatively few Board meetings.

BID Sub-Groups

5.13 In addition to the main BID Board, 14 BID managers reported that sub-groups have been established with responsibility for guiding specific areas of BID activities. These sub-groups have the following areas of responsibility:

- environmental improvements – 8 BIDs;
- evening economy – 3;
- marketing, promotion and events – 8;
- cleaning – 4;
- safety and security – 6;
- transport and accessibility – 2;
- finance and legal – 2.

Conclusions

5.14 BIDs are operating as very lean organisations, with small complements of management and administrative staff. Two-thirds of BIDs have less than three full-time equivalent staff in management and administrative roles. In many cases, BIDs could be described as 'virtual' organisations, often working alongside or within other bodies.

5.15 BIDs have been successful in establishing Boards with wide-ranging representation of local interests. In particular, this includes a high level of representation of business ratepayers. It is significant that, in most cases, these Board members appear to be actively engaged in a number of activities that extend beyond simple attendance at Board meetings.

6 Key Findings of the Research

Introduction

6.1 In this Section, we outline the key findings of the research. In considering these findings, there is a need to recognise that the development of BIDs in England is still at a relatively early stage. Even the earliest approved BIDs have only been operating (as BIDs) since early 2005. Therefore, the fact that there has been no progress towards BID development in many areas to date should not be taken as indicating that BIDs will not develop there in future.

6.2 It takes time for BID development to gain momentum. In Canada, the first BID was established in 1971, but the formation of BIDs did not peak until the 1980s. Research[5] has shown that it took 30 years for 430 BIDs to develop in the United States, a country with six times the population of England. This suggests that the establishment of 29 BIDs since the English BID regulations were published in 2004 demonstrates rapid progress in implementation when compared to timescales elsewhere.

6.3 In the remainder of this Section, we set out our findings under the following nine headings:

- Factors Driving the Demand for BIDs
- Funding Regime
- Resources for BID Development
- Characteristics of BID Areas
- BIDs as Business-driven Organisations
- Local Authority-Business Relations
- BID Progress and Performance to Date
- Barriers to the Future Development of BIDs
- Potential for Further BID Developments

Factors Driving the Demand for BIDs

6.4 The BIDs that have developed to date have been the result of the coalescence of a number of factors. The principal factor driving the demand to establish a BID has been a clear set of needs or issues affecting the businesses in a particular area. Consultations in the matching areas have shown a lack of a sufficiently clear business need as a key reason why there has been little or no progress on BIDs to date.

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5 L. Hoyte, "The emergence, success and implications of BID organizations", Massachusetts Institute of Technology.

6.5 The types of issues and needs that have been identified as prompting BID developments are not unique to those areas where BIDs have been introduced or are currently being developed. It is therefore clear that other factors have also been important in leading to the development of BIDs.

6.6 Many of the BIDs developed to date have been built on pre-existing organisations or structures, especially town centre management, but also regeneration or other local development schemes. These have provided a foundation on which to develop BIDs. The credibility and track record of these previous organisations have been of considerable value in securing support from businesses. As it is easier for developments to take place from an existing base, it is inevitable that those with an established foundation would emerge first. This may also mean that it is harder to develop BIDs in the future, because the 'easy wins' have already been achieved.

Funding Regime

6.7 As the BIDs that have been established to date are developments of existing organisations or structures, they have generally been relatively modest in terms of their scope and ambition. They are not going to transform the face of urban England. It remains to be seen whether future BIDs will be significantly different. However, it must be borne in mind that BIDs in England are being developed in the context of a functional local government system and a range of other economic and social development initiatives, which is likely to impact on the scale and scope of BID activities.

6.8 The funding regime impacts on the nature of BID proposals that are put forward and is generally likely to lead to BID proposals that represent a development of an area, rather than significant transformation, because this would be more closely aligned with the interests of current business ratepayers. Where the BID format does not fit with the agenda of key stakeholders in an area, alternative arrangements can be put in place that provide a framework for achieving their objectives.

Resources for BID Development

6.9 The availability of funding to support BID developments has been of critical importance in the BIDs that have been established to date. There is little evidence of individual businesses making significant contributions to the costs of development activities, which has therefore placed a heavy reliance on local authority and RDA funding.

6.10 The availability of staff and other resources have been of critical importance in the BIDs that have developed to date. The establishment of BIDs as developments from established town centre management and other schemes has provided the capacity in many cases to undertake the required delivery activities.

6.11 The potential to establish further BIDs will be linked to the availability of resources to support the development activities. This raises a question of where the resources for BID developments are going to come from in the future and, in particular, whether RDAs will continue to provide development funding on a significant scale.

Characteristics of BID Areas

6.12 There is no clear evidence that the areas in which BIDs have developed to date are different in any significant respect from other areas. The issues faced by businesses in BID areas are also identified by businesses elsewhere, although the extent of the issues faced, or the concentration on a small number of specific issues, may be a characteristic of the areas in which BIDs have been based. There are also areas where the issues that have driven BID developments are not evident, and where BIDs are very unlikely to develop.

6.13 The vast majority of BIDs established to date are based on relatively concentrated geographic areas. This helps to ensure that businesses in the area have common interests and concerns that can be addressed through a BID. The focus of BIDs on relatively concentrated areas inevitably limits the number of businesses included within a BID area, which will therefore impact on the level of resources that can be generated through the levy and ultimately on the scale of BID activities that can be delivered.

BIDs as Business-driven Organisations

6.14 There is a high level of local authority support and encouragement for BIDs. This has included, in some instances, pro-active promotion of the opportunity to establish BIDs, funding of development activities and seconding staff to undertake development work. This has proved effective in enabling BID developments. However, there remain some concerns among local authorities and other stakeholders that significant local authority involvement in BID developments may lead to a perception of BIDs being driven by local authorities, rather than by the business community.

6.15 There is a danger that, in some instances, BIDs are indistinguishable from the local authority. If BIDs are perceived by businesses to be extensions of the local authority, this may create a barrier to future support and a risk that the levy is seen as an additional financial contribution to the costs of local authority services, rather than a payment for actions in response to the specific needs of the local business community.

6.16 The use of clear branding by BIDs can be beneficial in ensuring that they are perceived by businesses as independent organisations and in building awareness of their specific contribution to local improvements.

Local Authority-Business Relations

6.17 The evidence from the research suggests that there are no significant differences in the nature and effectiveness of relations between local authorities and businesses in those areas with BIDs and those where no BID developments have taken place. Whilst effective links between the local authority and businesses can be helpful in facilitating BID developments, they do not appear to be a pre-requisite for developments to take place.

6.18 The establishment of BIDs can prove helpful in supporting the development of more effective relationships between local authorities and businesses. BIDs can provide a mechanism to draw together businesses with a common interest, and provide an interface that would not normally be possible, especially where business representative structures have previously been less effective.

BID Progress and Performance to Date

6.19 It is still early to comment on the performance of the majority of BIDs. However, early evidence suggests that BIDs are delivering in line with the expectations of business, local authority and other stakeholders.

6.20 BIDs are planning to make use of a wide range of indicators to monitor their performance covering footfall, perceptions of visitors, users and residents, crime figures, business turnover and vacancy rates to monitor performance. There is little evidence in many cases that these plans for performance monitoring are being translated into data on outputs and outcomes, rather than activities. If this lack of evidence on outputs and outcomes from BIDs continues, this may have implications for the continued support of business ratepayers at a re-ballot.

6.21 BIDs are providing additional benefits over and above the direct delivery of services. The fact that BIDs have been formally approved in a ballot is seen to provide considerable benefit in terms of their influence and the willingness of public agencies to engage with them in relation to key decisions affecting their areas.

Barriers to the Future Development of BIDs

6.22 The low levels of awareness of BIDs found by the business surveys may be a constraint on the future development of BIDs. This issue could be overcome to some extent by local authorities, RDAs and other agencies encouraging their development where appropriate. However, whilst external facilitation and support may be appropriate, BID development will still have to be driven by business needs or issues.

6.23 Where issues of low levels of awareness of BIDs are overcome, the potential for BIDs to develop is likely to be constrained by the available capacity and resources to undertake the required development activities. This is likely to be particularly significant in areas where there is a predominance of small independent businesses.

Potential for Further BID Developments

6.24 There are a number of areas where BIDs are currently in development and progressing towards a ballot. This suggests that the number of established BIDs will continue to grow in the foreseeable future.

6.25 As more BIDs are established, this will help to build awareness of the concept and the opportunities they present. Success stories from the BIDs that have been established will play an important part in this, and will be helpful in overcoming the current low levels of awareness. As indicated above, it took a number of years before BID development activities in North America reached their peak.

6.26 The range of activities that are being undertaken by the BIDs established to date are similar in nature to those that are being carried out by established BIDs in North America and elsewhere. The rate of success of the BID ballots to date suggests that these activities are attractive to business ratepayers.

6.27 The potential for BIDs to carry out large scale programmes of activity will be limited by the resources available to them from the levy and other sources. This will be influenced by the size of the BID area, rateable values and the level at which the BID levy is set. The BID area needs to be small enough to provide sufficient consistency of need among the businesses located there in order to engage their support and willingness to vote for the BID levy. This points towards relatively focused programmes of activity with modest overall budgets. There has been no indication from the areas where no BID developments are taking place that it is the scale or potential scope of BIDs that is limiting the potential for them to be established.