

Nationwide BID

Business Improvement Districts
SURVEY 2011



RICS

Research Partner 2011

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The Nationwide BID Survey 2011, now into its fifth year, represents the only major annual body of research and commentary on the rapidly growing Business Improvement District (BID) industry in the UK. Interest and support for this survey is building with this year's response rate reaching 73%, which is a significant sample size.

Since the concept started in 2005, the growth of BIDs has been rapid reaching 112 at the time of this year's survey (April 2011). The essence of BIDs is about innovative interpretation of local needs delivered through partnerships at many different levels.

This year's report charts the progress of BIDs and their continued advancement and evolution towards highly focused delivery bodies with wide-ranging agenda. Their modus operandi requires highly-tuned and effective governance structures that ensure a good breadth of engagement at local level.

"Supporting our communities is an important aspect of our corporate social responsibility and Business Improvement Districts can be an efficient and effective way of regenerating our high streets and supporting the vitality and welfare of the communities in which we operate. Provided that BIDs meet the agreed industry criteria for best practice, then we are happy to support them."

John Fletcher, Inter Bank Rating Forum

"The BRC strongly supports the role which effective local partnerships can play in ensuring that local trading environments are fit-for-purpose. With the new emphasis on developing locally tested solutions to local problems, Business Improvement Districts provide a tried and tested mechanism to ensure that local revenues are spent on projects which really matter to local businesses. These make a material difference to cities, towns and local communities across the UK. This survey provides real insight into the development of the BID community for retailers and other partners."

Tom Ironside, British Retail Consortium

"Since their inception in 2005, BIDs have made a marked difference to many city and town centres, commercial areas and industrial estates through cleaner, friendlier streets, improved security and a sense of community. In BID areas members of the FSB have benefitted from these improvements, even if they do not pay a levy. This excellent publication should be essential reading by all business organisations, representatives of local authorities and town centre managers to see what can be achieved when dedicated groups get together with united aims."

Roger Culcheth, Federation of Small Businesses

"The BID movement is a great example of localism in action, now a central part of government policy. As BIDs develop into their second and even third terms their relevance as agents of change and improvement at the very local level continues to grow, action which is particularly needed given the poor state of many of the UK's high streets. This report brings together a wealth of information about the scale and type of BIDs across the UK and their priorities. It is an invaluable guide for any organisation with an interest in BIDs."

Richard Dickinson, New West End Company

In headline terms, the BID industry is now significant – an estimated 60,000 businesses investing through BID levies across the UK raising a combined total levy income of around £61m. Beyond that base level, additional income is leveraged into the BIDs totalling around £69m plus an additional £38m representing investment leverage in BID areas. So, in the region of £168m investment in our urban areas is being raised via the BID model across the UK.

At a time when policymakers are focusing their minds on local solutions to local problems through the localism agenda, BIDs provide real and tangible evidence of impact on the ground.

The challenge for BIDs over the coming years will be to continue to deliver effective solutions for the benefit of the private sector whilst providing commensurate efficiency savings to their members. Meanwhile, managing the pressures of the public sector financial squeeze could prove a difficult balancing act – identifying opportunities to innovate and commercialise previously public sector activities whilst being cautious not to take on cost pressures thereby failing to ultimately achieve additionality.

"As a business we are involved on a daily basis with Investors and Occupiers of Retail Property thus understanding the market drivers of what makes a successful and vibrant town centre. We believe that BIDs can effectively put a structure in place to deliver commercial solutions and a sustainable strategy for town centre management. We hope that our commercial experience can help to advise on ways to overcome some of the challenges that today's market presents in achieving these goals."

Guy Grainger, Jones Lang LaSalle

"BIDs are coming of age in the UK providing excellence in the stewardship and promotion of our business areas, and delivering value for the owners and occupiers that vote them in. As many BIDs approach a second ballot expectations are high and we would not be surprised to see more BIDs reaching out beyond 'crime and grime' to start taking on more strategic tasks. In that regard, the Government's Localism Bill will provide greater scope for BIDs to work with local authorities and residents to proactively plan their districts via neighbourhood planning. Quite right too as BIDs are the epitome of localism and show that local businesses and landlords want to get involved."

Ian Fletcher, British Property Federation

"BIDs will be the one key delivery agent of Government's localism agenda, and have proven that they can and do provide the right infrastructure to deliver programmes aimed at improving the vibrancy of towns and cities. They will therefore become an increasingly important player in shaping neighbourhoods, through for example neighbourhood planning and delivering a vision for the kind of place their town or city wants to be. BIDs ability to bring together the public, private and voluntary sectors and leverage funding beyond the mandatory business rate income makes them very relevant and critical forums in the delivery of economic, social and environmental progress."

Edward Cooke, British Council of Shopping Centres

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BIDs have become firmly established in the urban landscape of Britain as the preferred model for cost effective and innovative local service delivery and area improvement. The legislation relating to BIDs was first passed in England in 2004, followed by Wales in 2005 and Scotland and Ireland in 2007. The Northern Ireland Assembly has commenced the process of bringing forward the enabling legislation for BIDs to be established in the province, but some uncertainty still remains about the format of the potential BIDs model to be applied in Northern Ireland. However, with government increasingly making localism and community empowerment a core pillar of policy, the benefits of local business involvement will be determined by partnership and leadership capacity providing strategic thinking and creating the environment for economic growth. Evidence shows that BID communities are striving to adjust and adapt to the localism agenda in delivering on service provision, public realm investment, crime reduction, marketing city/town centres, and regenerating the high street. Inevitably this will involve business-led partnerships in tackling the pressing issues of promoting local economic recovery, facilitating community impact, generating sustainable funding streams and developing a clearly defined vision for city/town centres.

The report by the British Retail Consortium (BRC, 2009)¹ provides constructive guidance on the new vision for town centres based on priority policy areas requiring action in town centres which include the provision of a unique sense of place based on an attractive public realm; accessibility to meet the needs of customers and retailers, safety and security in deterring retail crime and anti-social behaviour; and the reduction of regulatory costs and financial burdens on property and business. It is indicated that BIDs must take the lead in promoting and implementing key aspects of the strategy, in particular the raising of additional finance to address local problems supported by a robust business plan. In this regard the challenge is in coping with the gradual decline of the high street, increased vacancy, and downward pressure on property values².

BIDs as a business-led initiative will only proceed where they address issues of real local concern and where benefits outweigh costs (BRC, 2009). Consequently BIDs must strive to deliver innovation by commercialising supplies and service provision, producing cost savings and measures, and addressing recessionary pressures through project implementation within their BID area. In a recent report produced by Business in the Community (May 2011), it is recognised that businesses working with local partnerships can produce complementary benefits to respond to the economic challenges threatening the vitality and viability of our city/town centres³. In this regard an effective "town centre first" policy is expected to achieve distinctive and attractive town centres, create quality places and provide strong and sustainable local economies⁴. Conversely, out-of-town lobby groups argue that "town centre first" planning policies directly cause a significant reduction in terms of retailing productivity particularly in the case of the large supermarket sector⁵. Either way there will be a need for BID management teams to ensure that they have the necessary skills and resources to contribute to the implementation of town centre retail planning policies.

The need for business engagement and investment is also paramount in regeneration locations⁶. Cumulative policy actions that join together into a wider strategic regeneration vision are needed in order to build local confidence and commitment. Collaboration between local stakeholders and businesses is vital to harmonise funding streams and attract new investment. Within BID-led regeneration areas there is a need to research the competitive capacity of BIDs as a funding mechanism compared to other local asset based financing vehicles, targeting new and innovative financing models, leveraging of new funding streams, financing of infrastructure and regeneration, and assessing the risk-return profile on investment in BID-led regeneration areas. The advantage of using BIDs in parallel with other initiatives such as Tax Incremental Financing/Accelerated Development Zones/Enterprise Zones would be complementary in using anticipated future increases in tax revenues to finance infrastructure and regeneration and to enable local authorities to trade anticipated future tax income for a present benefit⁷.



Local Government finance is a key aspect of delivering the Localism Bill with reform of the current system needed to help promote economic growth and change local authority behaviour. The recent Local Government Resource Review⁸ (July 2011) suggests that the local retention of business rates uplift will help to incentivise local authorities to take action to promote growth. It also indicates that local authorities would be able to choose to borrow against this future growth in business rates through Tax Increment Financing (TIFs) schemes to help fund the provision of infrastructure and wider area regeneration. In short the retention of business rates proposed as part of the localism agenda will help restore the link between local authorities and their business communities, thereby enabling local areas to see the financial benefits of allowing commercial development. Furthermore, BIDs will potentially benefit from the increase in businesses and economic growth in the local area especially where new businesses fall within the BID boundary or can be captured at renewal.

Under the Localism Bill recent amendments have opened up the neighbourhood planning process to business by proposing that neighbourhood forums can be established expressly for the purpose of "promoting the carrying on of trades, professions or other businesses in such an area". As major players in local communities, it is vital that businesses have a role in neighbourhood planning on a par to that of local resident groups. Furthermore many of the new devolved powers in the Localism Bill will be linked to new government funding streams such as the retention of local business rate uplift⁹. The Localism Bill amendments potentially open up the opportunity for BIDs to help lead local thinking and facilitate taking neighbourhood plans forward through local referendum.

This report discusses the operational workings and outturn performance of BIDs by presenting the findings from the fifth Annual Nationwide Survey of Business Improvement Districts (BIDs) in Britain. The 2010/11 BID Survey collates information and key facts to support the BID industry across the respective jurisdictions. By enabling an understanding of BID practices and comparison of BID statistics, this research supports BID development and best practice, whilst also demonstrating how the initiative is evolving and delivering. Specifically this report draws upon evidence relating to BID levy collection, funding initiatives, financial leverage, project delivery and innovation, localism and BID performance. This body of knowledge will be of benefit to BID management teams, to those interested in developing or renewing a BID and to policy makers and other stakeholders involved in project finance and delivery. The analysis contained within this report relates primarily to BID practices and outcomes for the financial year 2010-2011 and where applicable comparisons and contrasts are drawn with the 2009-2010 position¹⁰.

- 1 British Retail Consortium (2009) 21st Century High Streets: A new vision for our town centres, British Retail Consortium, London.
- 2 Local Data Company, (2011) Terminal Illness or Gradual Decline, A Review of GB Shop Vacancy 2010, LDC, London
- 3 Business in the Community (2011), Future High Streets, Businesses Going Local, London, May.
- 4 Department of Communities and Local Government (2009 Proposed Changes to Planning Policy Statement 6, Planning for Town Centres)
- 5 Economic and Social Research Council (2011) Evaluating the Effects of Planning Policies on the Retail Sector: Or Do Town Centre first policies Deliver the Goods?, ESRC, January
- 6 Adair et al (2009) Urban Regeneration: Opportunities for Property Investment, Investment Property Forum, London, August
- 7 Research into tax incremental financing models is currently being undertaken by the Universities of Aberdeen and Ulster
- 8 CLG (2011) Local Government Resource Review: Proposals for Business Rates Retention: Technical paper 5 - Tariff, top up and levy options
- 9 British BIDs Leadership Network, No.1 Localism: What does it mean for BIDs, British BIDs, August 2011
- 10 Nationwide BIDs Survey 2010, British BIDs and University of Ulster



The Nationwide BID Survey 2011 was conducted in April/May 2011 and the online questionnaire was sent to all 112 formal BIDs within the UK and Ireland. Following the drafting of the BID questionnaire, a consultation session with five BIDs was held to run through the scale and extent of the questionnaire and to ensure the appropriate lines of enquiry for this year were being covered. The second revised questionnaire was then subjected to a pilot exercise whereby two BIDs were asked to test the online survey and feedback any technical and comprehension issues. These comments were then integrated into the final online version of the survey.

For the purposes of the survey the BIDs were categorized into two groups, group one – City/Town Centre BIDs comprising 86 (76.7%) city and town centres, leisure, commercial, mixed-use and city wide BIDs, and group two Industrial BIDs consisting 26 (23.3%). Survey responses were received from 66 (76.7%) of the City/Town Centre BIDs and 16 (61.5%) responses from Industrial BIDs. The overall response rate to the Nationwide BID Survey 2011 is 73.2% (Table 2.1). Details of the BIDs which have responded to the Nationwide BIDs Survey 2011 are shown in Appendix 1. In the case of non respondent BIDs it is significant that the number not responding decreased significantly in 2011 relative to the position recorded in the Nationwide BID Survey for 2010 (Appendix 1), further enhancing the reliability of the survey results.

Town centre and leisure BIDs are defined as those BIDs whose boundary covers the retail and leisure core of the town centre in which they are based. Commercial and mixed-use BIDs are defined as those BIDs whose hereditaments are mainly commercial/office use or whose area has no predominant use. City-wide BIDs are defined as those BIDs that cover all business in the city except those located in the city/town centre. The afore mentioned BID types are categorized together within the questionnaire survey and analysis as City/Town Centre BIDs. A further sub-division of the City/Town Centre BIDs is used to distinguish between first term BIDs, advanced first term BIDs and renewed BIDs to reflect their different levels of maturity. In contrast, Industrial BIDs are those BIDs whose boundaries cover business parks or industrial areas and are analysed within this report as a distinct class.

The questionnaire survey applicable to all-BID types was conducted on-line and analysed using the SPSS version 19. The survey analysis was considered on a question by question basis. However some of the questions are closely interlinked and have therefore been analysed together in order to establish linkages across one or more of the questions.

All 82 BID responses have provided a detailed summary of the personnel involved in the completion and return of the survey. This includes information relating to each respondents position and role within the BID including Chief Executive Officer, Managing Director, Executive Director, Business and Finance Manager, Project Coordinator/Officer, and BID Manager. The responses received demonstrate a multi-level approach with survey contributors holding key management or administrative positions within the organisational structure responsible for each BID.

The questionnaire survey was supplemented by background data accessible in the public domain from a range of sources and included overviews of individual BID proposals and other related documents as well as follow-up clarification material obtained directly from the BID management team.

The survey has been carried out by a joint research team comprising Alliance Boots, British BIDs, and the University of Ulster together with a new Research Partner for 2011 from the Royal Institution of Chartered Surveyors. The research is sponsored this year by Jones Lang LaSalle and the New West End Company. The research is also supported by the British Property Federation, the British Retail Consortium, the British Council of Shopping Centres, the Confederation of British Industry, the Federation of Small Businesses and the Inter Bank Rating Forum.

Within the UK the total number of BIDs at the time of the Nationwide BID Survey 2011 was 110 BIDs and a further 2 BIDs have been established in Ireland (Dublin and Dundalk). The report is structured into eight sections which include Introduction, Methodology, City/Town Centre BID Levy Collection, Additional Funding and Recessionary Pressures in City/Town Centre BIDs, Project Delivery and Innovation, Decentralisation Agenda and BIDs, Industrial BIDs and Conclusions. All survey respondents will receive a copy of the 2011 report, which will also be made freely available online. We would like to thank those BID management teams who kindly responded to the Nationwide BID Survey 2011 and to encourage the non-participating BIDs to engage in the data collection process in future years. The on-going success of the Nationwide BID Survey is dependent on the collation of comprehensive, accurate and transparent data provided by BID management teams across the respective jurisdictions.

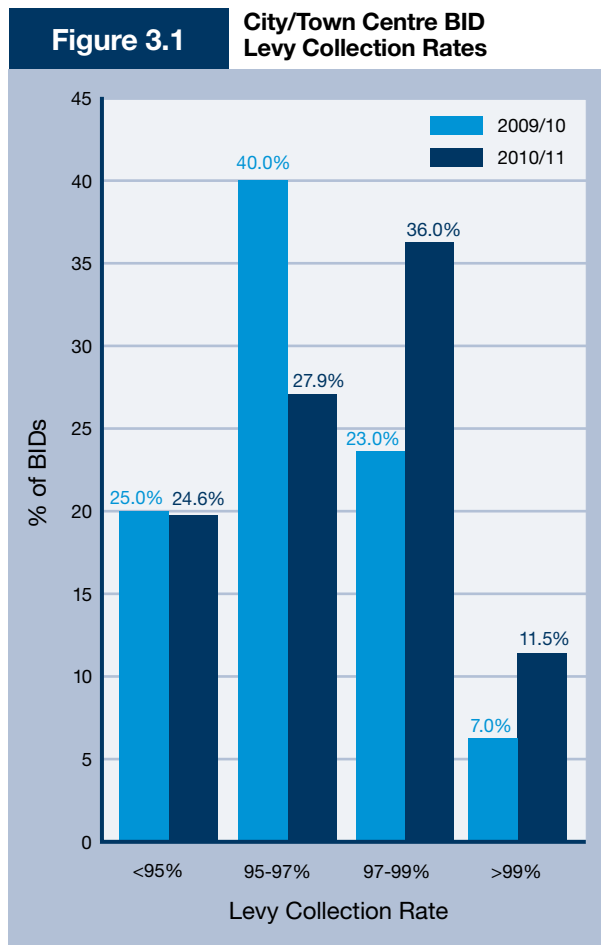
Table 2.1 Survey Responses by BID Type in 2011

BID TYPE	Total* 2011	Responded 2011	Response % 2011	Response % 2010
Town centre, leisure, commercial, mixed, city wide BIDs	86	66	76.7%	67.1%
Industrial BIDs	26	16	61.5%	34.6%
TOTAL UK	110	80	72.7%	60.0%
TOTAL UK & Ireland	112	82	73.2%	58.8%

* Figures provided by British BIDs

The economic downturn continues to adversely impact upon the retail sector with this particularly felt on the High Street in terms of vacancy rates, job losses and reduced sales. All these factors have the capacity to potentially reduce BID levy payments and therefore impact on the effectiveness of BID operations. There is some evidence to suggest that BIDs are increasingly focusing their role on improving and regenerating their local area, which in turn requires additional revenue and funding mechanisms to secure long term sustainability. However, rather than generating more income some BIDs are facing the economic reality of having to reduce BID levies to help businesses compensate for the increases in rateable values which some businesses have faced as a consequence of the rates revaluation in 2010. Rateable values in some BID areas are now up to 40% higher compared to 2008, whereas other locations have witnessed a reduction in their rates bills. Therefore BID areas are being faced with differing pressures to improve service provision but also respond to micro and macro economic conditions whilst maximising their BID levy collection or other income streams to ensure BIDs remain the Government's favoured local business model for enhanced service delivery.

This section of the report considers three key issues concerning the BID levy of City/Town Centre BIDs for 2010-11. Firstly, the actual BID levy income and overall collection rate percentage; secondly the annual levy collection charges and unit costs from the Local Authority; and finally the actual levy rate charged for 2010-11 including inflation factors and associated discounts.



3.1 BID Levy Income and Collection Rate

The levy collection rate helps to highlight how many businesses are paying a BID levy and therefore contributing to the levy income. A high percentage of businesses paying this levy points to efficient collection and limited business exemptions, thereby resulting in higher levy incomes for the BID area. There is the potential to increase this BID levy income further upon renewal by extending the BID boundary or increasing the BID levy rate. The Nationwide BID Survey 2011 obtained current levy collection rate percentage figures from the participating BIDs during the financial year 2010-11. From the 66 participating City/Town Centre BIDs, Figure 3.1 reveals that the number of BIDs collecting levies from less than 95% of businesses has remained static at 25% of the sample but increased to 15 BIDs. However, the 97-99% band (36%) and the >99% band (11.5%) have both experienced an increase suggesting that BID levy income is now being collected from a higher proportion of businesses than last year. Indeed, 47.5% of BID areas are now collecting BID levies from more than 97% of businesses compared to just 30% in 2009/10. This is further reflected in the subsequent increases experienced by some BID areas in levy income (Table 3.1).

Table 3.1 shows that across the 38 City/Town Centre BIDs that responded to the survey over the last two years, 20 BIDs (52.6%) have experienced an increase in BID levy income with the average increase equating to £66,252 or 17.8%. A further 17 BIDs (44.7%) have experienced a decrease in BID levy income, while 1 BID retained the same income level as the previous year. Of those BIDs experiencing a decrease, the average decrease equated to £42,580 or 8.1%. This shows a high degree of variance across the survey and further analysis within the renewed BIDs reveals a similar trend with 9 BIDs (52.9%) experiencing a decrease while 8 BIDs (47.1%) experienced an increase. Of further interest is the fact that 6 renewed BIDs had extended their BID boundary and 4 of these BIDs with extended boundaries still returned a decrease in BID levy income, pointing to wider economic impacts and potential rateable value reductions occurring in these areas. The average BID levy income for the comparable sample shows an average of £565,379 for 2009/10 and a decrease of 9.7% to £510,527 for 2010/11. Despite this decrease in the average BID levy income there are still healthy levy incomes being generated by City/Town Centre BID areas in what has been a difficult recessionary period and these BID levies continue to be further augmented by the additional income streams that some BIDs are also achieving (Section 4.1).

On an individual BID basis high levy income increases were experienced by Totally Truro (117%), Paddington (31.8%), and Hammersmith London (28.2%) none of which had extended their BID boundary but instead experienced higher than average rateable value uplifts. Similarly, decreases were experienced by Enterprising Bathgate (18.6%), Hinckley (15.6%) and Coventry City Centre (15.3%). The survey results also showed that 16 BIDs (24.2%) applied the inflation rate to their BID levy, illustrating that this did have an impact on the increase in BID levies. The variation shown in BID levy income suggests that economic uncertainty still exists and impacts on all income streams be it BID levy or additional income. However, there is the potential to turn around the decreases as the recessionary impacts lessen through greater levy collection efficiency or minimising the number of businesses qualifying for exemptions or discounts.

Table 3.1

Comparison of City/Town Centre BID Levy Income and Hereditament Numbers

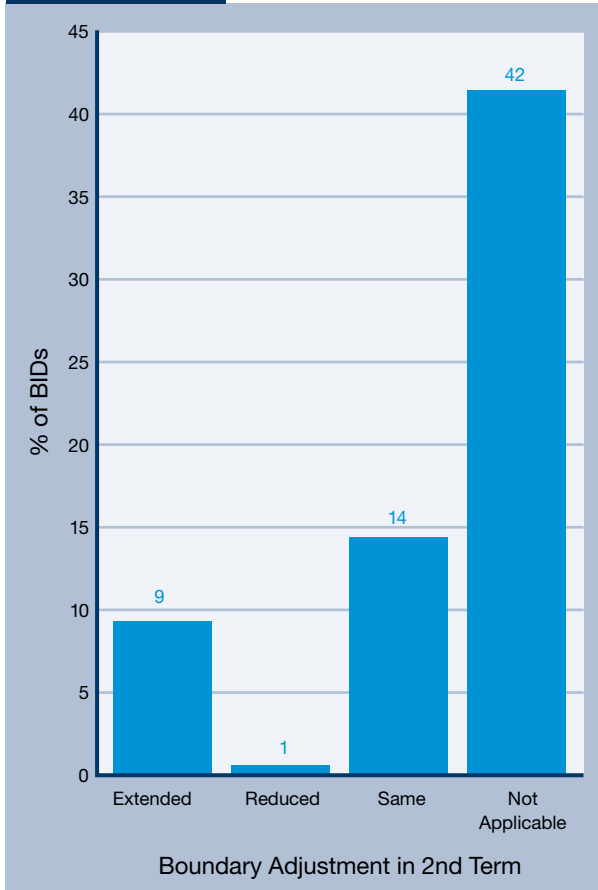
BID Name	Levy Income 2009/10	Levy Income 2010/11	% Difference	No of Hereditaments 2010/11
Angel AIM	£300,000	£333,000	+11%	339
Better Bankside	£1,037,000	£969,856	-6.5%	436
Boston BID	£130,000	£144,000	+10.8%	577
Brighton BID	£183,000	£170,000	-7.1%	384
Bristol Broadmead BID	£313,576	£296,000	-5.6%	240
Camden Town Unlimited	£383,966	£430,000	+12%	298
Coventry City Centre BID	£331,421	£280,770	-15.3%	672
Croydon BID	£1,000,000	£1,098,752	+9.9%	589
Daventry BID	£118,814	£140,972	+18.6%	389
Ealing Broadway BID	£362,000	£310,000	-14.4%	450
Enterprising Bathgate	£73,500	£59,850	-18.6%	420
Essential Edinburgh	£869,140	£870,000	+0.1%	585
Falkirk BID	£174,000	£170,000	-2.3%	540
HammersmithLondon	£590,685	£757,535	+28.2%	356
Heart of London Business Alliance	£639,833	£667,000	+4.2%	214
Hinckley BID	£161,000	£135,891	-15.6%	400
Hull BID	£505,000	£465,000	-7.9%	1379
inmidtown BID	£2,464,365	£2,200,000	-10.7%	660
inSwindon	£361,000	£373,268	+3.4%	465
Ipswich Central BID	£500,219	£564,663	+12.9%	765
Kingston First	£878,255	£859,826	-2.1%	957
New West End Company	£2,472,000	£2,608,000	+5.5%	290
Newcastle NE1 BID	£1,488,713	£1,600,000	+7.5%	1300
Nottingham Leisure BID	£250,000	£250,000	0%	260
Paddington BID	£404,422	£533,000	+31.8%	300
Plymouth BID	£350,000	£400,000	+14.3%	572
Reading BID	£305,000	£345,065	+13.1%	445
Royston First	£180,000	£177,000	-1.7%	413
Rugby First	£591,700	£599,000	+1.2%	410
Stratforward BID	£350,000	£322,202	-7.9%	460
Team London Bridge	£592,177	£701,438	+18.5%	331
Torquay BID	£244,500	£238,812	-2.3%	620
Totally Truro	£114,460	£248,632	+117%	418
Victoria BID	£1,330,835	£1,287,484	-3.3%	242
Waterloo Quarter BID	£518,500	£446,940	-13.8%	371
Winchester BID	£370,000	£442,108	+19.5%	803
Worcester BID	£318,761	£369,503	+15.9%	669
Worthing BID	£226,546	£220,000	-2.9%	334
Average	565,379	£510,527	-9.7%	565

Renewed BIDS highlighted in blue

Figure 3.2 outlines that of the 23 City/Town Centre BIDs who responded that have gone through renewal, a total of 8 BIDs (34.8%) have extended their BID boundary while a further 14 BIDs (60.9%) have retained the same boundary as the original BID proposal. Interestingly, 5 of the BIDs (Better Bankside, Lincoln BIG, Liverpool City Central, New West End Company and Plymouth) who extended their BID boundary appear in the listing of highest producing BIDs (Figure 4.3) suggesting that income levels can be enhanced with increases to BID boundary. One BID (Rugby First) indicated that they had implemented a reduction in BID boundary but this was only a very marginal boundary change. However, the high number of BIDs that chose not to take the opportunity to increase their BID boundary illustrates that the majority of BIDs prefer to move forward with the businesses that signed up to the original ballot as these businesses have established a rapport and are supportive of the BID objectives and buy into the collaborative and collegial spirit that the BID has helped develop. In addition, for a typical town centre BID that captured the whole of the commercial area within its first term boundary there is no scope to extend in a second term.

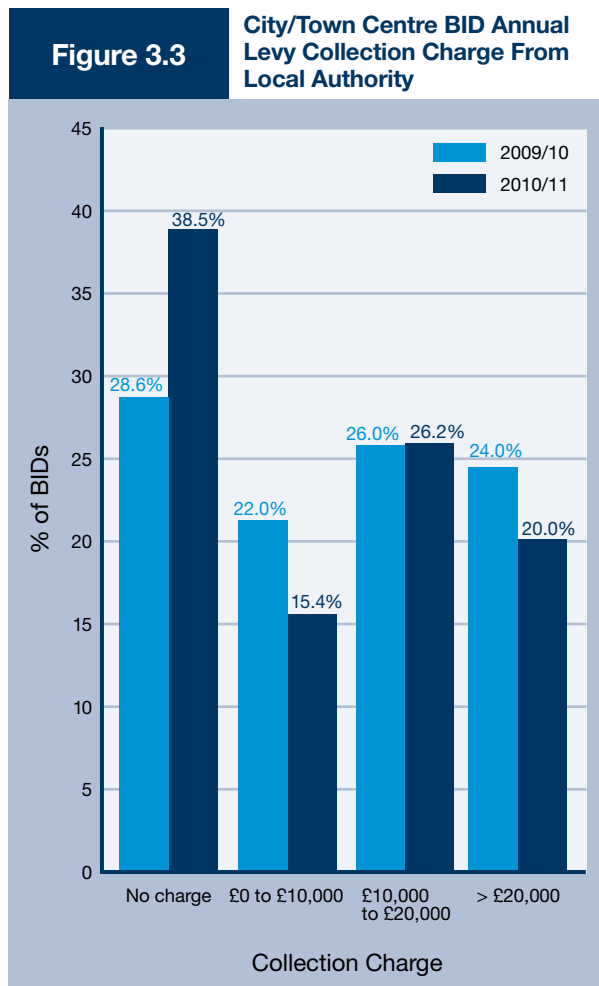
Figure 3.2

Adjustment to City/Town Centre BID Boundary in 2nd Term



3.2 BID Levy Collection Charges

Local authorities have continued to charge a fee for the collection service associated with the BID levy. Once again there continues to be a significant variation in the annual levy collection charge across the BIDs that participated in this year's survey. Responses were received from 65 City Centre BIDs with 38.5% having no collection charge levied by the local authority compared to a figure of 28.6% in 2009/10 survey (Figure 3.3). This increase shows the positive step taken by some local authorities to implement no charge for the levy collection. It should be noted that this still lags significantly behind the Industrial BIDs, 53.3% of whom pay no charge, although this in part relates to the fact that the majority of industrial BIDs run an annual collection charge process that doesn't allow for any changes or refunds during the year and is therefore cheaper to manage. Further analysis shows that 15.4% of BID respondents reported to have paid less than £10,000, 26.2% paid between £10,000 and £20,000, while a further 20% of BIDs paid more than £20,000.



The BIDs that provided information on their annual collection charge are shown in Table 3.2. This reveals a large variation in the number of hereditaments within BID areas, ranging from 214 (Heart of London Business Alliance) to 3543 (Dublin City BID). It should be noted that the Dublin BID operates under Irish BID legislation that works slightly differently to that of England, Wales and Scotland thereby resulting in a significantly higher number than elsewhere. The average number of hereditaments in BID areas is 514¹¹, substantially higher than the Industrial BID average of just 209 hereditaments. Furthermore, the BID Unit Costs (Annual BID Levy Collection Charge divided by the Number of Hereditaments) in Table 3.2 show a significant variation from just £2 per hereditament in Totally Truro up to £125 in the Victoria BID. This significant variation in levy charges continues, as highlighted last year, despite the same collection service being offered across all BIDs.

Table 3.2 also shows that a number of City/Town Centre BIDs have seen a reduction in the charges payable to the Local Authority, with 14 BIDs (35%) benefiting from this. In general the average unit costs (£64) being faced by BIDs within the London region was higher than the average unit cost for the rest of the UK and Ireland (£19). However, it should be noted that 3 London based BIDs retained competitive unit costs notably Croydon (£25.47), Kingston First (£29.26) and Ealing (£35.60), each of which was below the sample average of £36.05 in 2010/11 and £38.21 in 2009/10.

¹¹ Dublin City BID has been excluded from this calculation to avoid skewing results given the significant difference in hereditament numbers.

Table 3.2

City/Town Centre BID Unit Cost

BID Name	BID Annual Levy Collection Charge (£)	Number of Hereditaments/ BID	BID Unit Cost (£) 2009/10	BID Unit Cost (£) 2010/11
Bath BID	£32,500	617	-	53
Bayswater BID	£30,000	450	73	67
Beeston BID	£15,476	507	-	31
Better Bankside	£33,000	436	80	76
Bury St Edmunds	£4,223	380	23	11
Boston BID	£8,702	577	9	15
Brighton BID	£11,500	384	47	30
Camden Town Unlimited	£17,000	298	61	57
Coventry City Centre BID	£12,500	672	18	19
Croydon BID	£15,000	589	27	25
Dublin City Centre BID	£30,000	3543	-	8
Ealing Broadway BID	£16,000	450	27	36
Enterprising Bathgate	£1,304	420	8	3
Hammersmith London	£19,000	356	55	53
Heart of London Business Alliance	£17,000	214	83	79
Hinckley BID	£3,500	400	8	9
Hull BID	£28,000	1379	19	20
Ilford BID	£19,925	480	-	42
inmidtown	£30,000	660	56	45
inSwindon	£13,750	465	27	30
Kingston First	£28,000	957	31	29
Kirkcaldy BID	£3,500	500	-	7
Lincoln BIG	£12,000	870	-	14
Liverpool City Central BID	£19,843	631	-	31
Mansfield BID	£13,500	500	-	27
New West End Company	£23,238	290	69	80
Northampton Town Centre BID	£11,800	476	-	25
Paddington BID	£26,766	300	71	89
Reading BID	£5,000	445	11	11
Rugby First	£13,000	410	20	32
Skipton BID	£4,500	540	14	8
Stratford BID	£5,566	460	8	12
Swansea BID	£14,000	768	19	18
Team London Bridge	£28,050	331	-	85
Totally Truro	£750	418	-	2
Victoria BID	£30,276	242	108	125
Waterloo Quarter BID	£26,447	371	68	71
Winchester BID	£14,500	803	17	18
Worcester BID	£6,000	669	22	9
Worthing BID	£13,400	334	29	40
Average	£16,463	514*	38	36

London-based BIDs highlighted in blue *This figure excludes the hereditaments for Dublin City Centre BID



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3.3 BID Levy Rates and Associated Discounts

The spread of levy rates, as shown in Table 3.3, reveals that a relatively static 3% of the BID respondents charge <1% as a BID levy rate compared with 3.9% of BIDs in 2009/10. The 1% rate was once again the most common rate used by 56.1% of BIDs, whereas the 1% to 2% rate was used by 30.3% of BIDs, a small increase from the 27.5% returned in 2009/10. The small increase in the 1-2% rate is reflected in the number of smaller BIDs coming forward in the past year which need a 1-2% rate to help generate sufficient BID levy revenue streams. Figure 3.4 shows that the percentage of BIDs charging >2% levy rate and those charging a variable rate has remained static over the last two years with limited variation in these figures. Some BID areas are now making slight adjustments to their BID levy through the use of the inflation factor (16 BIDs or 24.2%).

A further way in which some BID areas influence their levy incomes is through the use of exemptions linked to rateable value or through offering discounts to certain business types within the BID boundary. In the case of City/Town Centre BIDs there is significant use of rateable value thresholds to reduce levy liability on very small businesses in BID areas, with Figure 3.5 indicating that a total of 50 BIDs (75.8%) implement some form of rateable value threshold. This can apply to both those below a certain threshold who will be exempt or indeed through a cap where the maximum amount is set that a business will be liable for regardless of the actual rateable value. Of the 50 BIDs implementing a rateable threshold, 8 BIDs (16%) applied a threshold of less than £5,000, 13 BIDs (26%) applied a threshold of less than £10,000, 13 BIDs (26%) applied a threshold of less than £15,000, 4 BIDs (8%) applied a less than £20,000 threshold and a further 3 BIDs (6%) applied a less than £25,000 threshold.

The highest thresholds were all applicable to London based BIDs where the property values and hence rateable values are significantly higher than the rest of the UK. Three London-based BIDs applied a threshold of £40,000 (Camden Town Unlimited, Croydon and Hammersmith London), Heart of London Business Alliance applied a £50,000 threshold and inmidtown applied £60,000. Not surprisingly the highest threshold values were applied in Victoria (£100,000) and New West End Company (£250,000). In some cases where a threshold is applied, the BID offers a voluntary membership scheme for smaller businesses falling under that threshold to enable an active level of engagement in the BID management arrangements by smaller businesses. Clearly, with or without this voluntary 'club' arrangement in place, businesses below the threshold will benefit from area based services of the BID without being obliged to pay.

Figure 3.6 shows how prevalent the use of BID levy discounts are amongst City/Town Centre BIDs, with 28 BIDs or 42.4% deploying some form of levy discount to certain business types. A total of 16 City/Town Centre BIDs explicitly referenced agreeing shopping centre discounts commonly ranging from 25-50%, whereas 9 BIDs referred to providing charity discounts ranging from 40-80%. A further 5 BIDs provided both charity and shopping centre discounts. These results show that there are no set percentage discounts being applied across all BID locations, with a decision on the size or nature of the discounts, if any, determined locally.

Table 3.3 Comparison of City/Town Centre Based BID Levy Rates for 2009/10 and 2010/11

BID levy rate	2010		2011	
	No of BIDs	%	No of BIDs	%
<1%	2	3.9%	2	3%
1%	29	56.9%	37	56.1%
1 to 2%	14	27.5%	20	30.3%
>2%	1	2.0%	1	1.5%
Variable	5	9.8%	6	9.1%

Figure 3.4 City/Town Centre BID Levy Rates

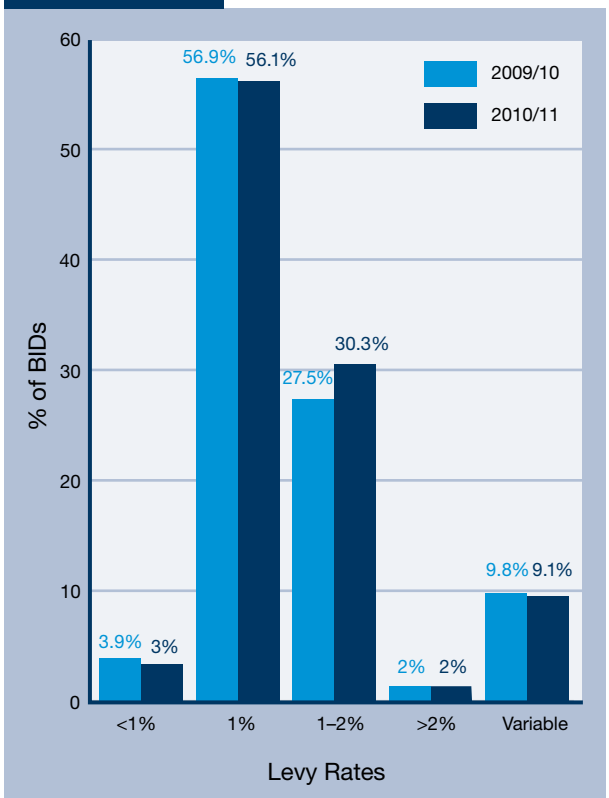


Figure 3.5 Use of Rateable Value Threshold within City/Town Centre BIDs

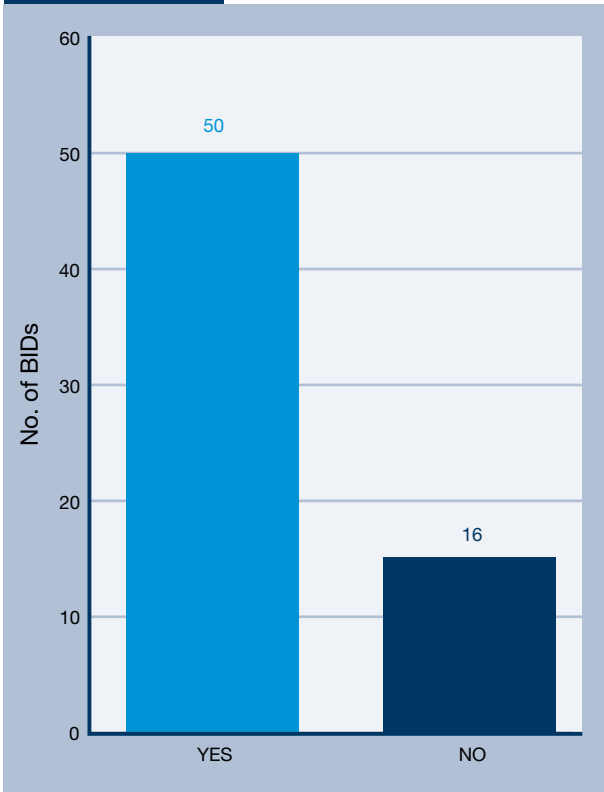
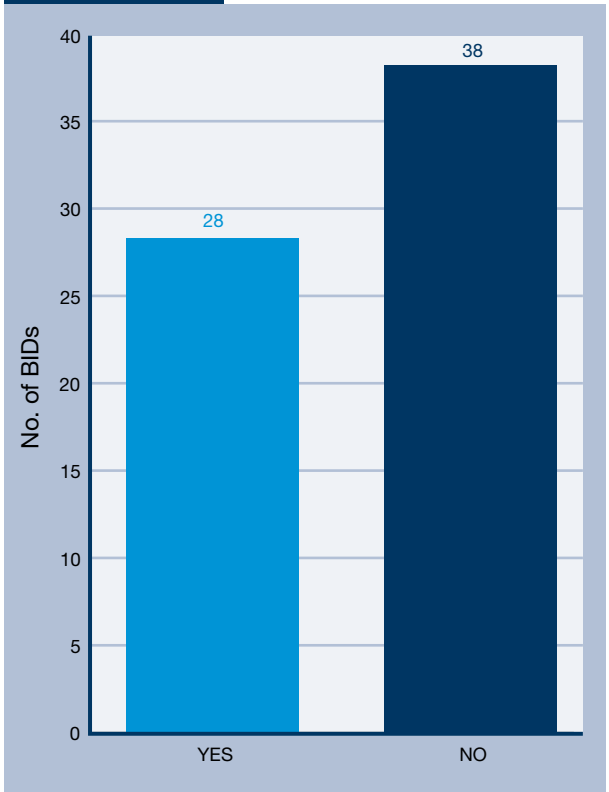


Figure 3.6 Use of Levy Discounts by City/Town Centre BIDs



3.4 Key Findings

- At the time of the survey there were 86 City/Town Centre BIDs in the UK and Ireland which made up 76.8% of the total BIDs population, of which 66 BIDs (76.7%) responded to this 2010/11 survey.
- Over 77% (51) of City/Town Centre BIDs collect a BID levy from more than 95% of businesses. Indeed, levy collection rates in the >97% categories increased from just 30% in 2009/10 to 47.5% in 2010/11, demonstrating a strong and effective levy collection system in operation.
- Across the 38 City/Town Centre BIDs with comparable data for 2009/10 and 2010/11 there has been a variable BID levy income performance, with 20 BIDs (52.6%) experiencing an average increase of £66,252 or 17.8%, while a further 17 BIDs (44.7%) experienced a decrease in levy income of £42,580 or 18.1%.
- The average levy income for the comparable 38 BID sample was £565,379 in 2009/10 and £510,527 in 2010/11, representing a drop of 9.7%. This relatively small decrease does not cause undue concern given that BID levy income continues to be augmented by additional income across many BID areas.
- Totally Truro (117%), Paddington (31.8%) and HammersmithLondon (28.2%) have demonstrated the highest overall increases in BID levy income, despite no boundary extensions.
- Only 16 (24.2%) City/Town Centre BIDs across the UK and Ireland applied the inflation factor to their BID levy, showing that BID management teams have remained supportive of businesses in helping them to weather the current economic downturn.
- The 2010/11 survey has seen a slight increase in the number of City/Town Centre BIDs facing no charge from the Local Authorities for the collection of the BID levy. However, it is difficult to determine if this reflects the increase in sample size within the survey this year or more Local Authorities deciding to field no charge against this service.
- Overall there have been limited changes in the levy collection charges faced by City/Town Centre BIDs. However, adjustments in hereditament numbers have seen 14 BIDs (35%) resulting in a reduction in BID levy unit cost.
- There remains a large variation in the number of hereditaments within the BID boundaries, with Heart of London Business Alliance the smallest (214 hereditaments) and Dublin City Centre BID the largest (3,543). The overall average number of hereditaments was 514 in 2010/11 compared to 500 in 2009/10 and just 209 in Industrial BIDs.
- There is a significant variation in the BID unit cost applied by City/Town Centre BIDs ranging from £2 per hereditament in Totally Truro to £125 per hereditament in the Victoria BID.
- The average unit cost of City/Town Centre BIDs in the London Region (£64) was significantly higher than the average for the rest of the UK and Ireland (£19), indicating that regional disparities exist. However, the average unit cost across the whole sample has shown a slight reduction from £38.21 in 2009/10 to £36.05 in 2010/11.
- A total of 8 renewed City/Town Centre BIDs (34.8%) have extended their BID boundary thereby capturing additional BID levy income; while a further 14 BIDs (58.3%) have retained the boundaries from the original proposal.
- Only 1 BID (Rugby First) reduced their BID boundary from the original proposal citing a small boundary shift affecting only 9 businesses on the periphery of the BID.
- The most common BID levy rate in the 2010/11 survey was the 1% category (56.1%) followed by the 1-2% rate (30.3%). The uplift in the 1% to 2% category from last year was mainly attributable to the size of location in the newly formed BIDs. The number of BIDs within the less than 1%, the variable rate and >2% categories has remained static from last year's survey.
- Over 75% of City/Town Centre BIDs currently use a rateable value threshold to reduce the levy liability of certain business types and sizes in BID areas. The majority of these thresholds fell within £5,000-15,000 although these thresholds are closely linked to property values in the respective areas and therefore a wide variation between London and the rest of the UK and Ireland does exist.
- There remains a number of City/Town Centre BIDs (42.4%) adopting the use of levy discounts for shopping centres and charities. Shopping centre discounts commonly range from 25-50%, while charitable discounts range from 40-80% across BID areas. No universal formula for calculating discounts is in operation.

The latest figures from the Office of National Statistics (ONS) imply signs of a tentative recovery. However, the pace of this recovery continues to be slow with GDP growth for Q2 in 2011 up just 0.2%, while the change in the one year figure demonstrates a 0.7% increase from last year. This slow recovery continues to be felt on the High Street where the Consumer Price Index shows an inflation rate of 4.2% in June 2011 compared to a European Union rate of just 3.2%. This high inflation rate, coupled with the uncertainty in the job market continues to affect consumer spend and, as a result, puts a sharp focus on the need for BIDs to continue to seek out additional revenue streams and look towards wider area regeneration investment to help secure their long-term sustainability. This chapter explores both these issues in the context of the financial year 2010/11 BIDs survey with comparison drawn to 2009/10 where appropriate.

4.1 Additional BID Income Over and Above BID Levy

The BID income returns in Table 4.1 show a significant reduction of £1,479,100 (16.6%) and £1,418,301 (15.2%) in the additional income streams for the City/Town Centre BIDs and Total BIDs respectively over the last year. This 16.6% decrease in income levels experienced by the City/Town Centre BIDs has occurred despite a 16 BID increase in sample size, i.e. the survey sample increase of 16 BIDs has still resulted in nearly £1.5M being shaved off the total BID income for the year 2010/11. In contrast, the Industrial BIDs have experienced a small increase in income revenue at £60,799 (14.4%) for the same timeframe. However, the Industrial BIDs with a total revenue income of just £483,899 has occurred on the back of a 7 BID increase in survey sample size from last year and therefore does not represent a significant increase and they remain a small proportion of the overall total BIDs income (£7,911,751). This difference between the City/Town Centre BIDs and the Industrial BIDs performance could reflect a greater resilience amongst the Industrial BIDs to withstand the economic downturn as their performance is less impacted upon by consumer spend fluctuations than the retail or leisure led BIDs. However, it should be noted that the scope for additional income in Industrial BIDs has always been less and therefore the potential fluctuation is bound to be reduced.

Table 4.1 Comparison of Income Over and Above the BID Levy

	2009/10	2010/11	% Difference
City/Town Centre BIDs	£8,906,952	£7,427,852	-16.6%
Industrial BIDs	£423,100	£483,899	+14.4%
Total BIDs	£9,330,052	£7,911,751	-15.2%

Of further note is that 12 of the 66 City/Town Centre BIDs (18.2%) and 8 of the 16 Industrial BIDs (50%), the equivalent of 20 out of 82 (24.4%), failed to attract any additional income for the 2010/11 year compared to only 9 out of 60 (15%) for the complete sample last year. The increase in BID levy income experienced by some City/Town Centre BIDs (discussed in Chapter 3) may have resulted in less targeting of additional income streams and a natural contraction of the additional income. However, it also suggests that sourcing additional income is becoming more difficult and that the recession continues to have an impact on the availability of additional revenue. It is anticipated that over the short term the contraction in additional income could continue as revenue streams become harder to source and the competition between BIDs and other businesses outside of the BID areas increases.



Figure 4.1 Income Over And Above BID Levy



Figure 4.1 illustrates the amount of additional income across all BIDs including the City/Town Centre BIDs and Industrial BIDs. While this further demonstrates the reduction in additional income, on the plus side it also shows that significant revenue funds are still being attracted to the BIDs business model with funds approaching £8 million shared across the 82 BIDs who participated in this year's study. Furthermore, the relative strength of the City/Town Centre BIDs in comparison to the Industrial BIDs is again evident with the former accounting for 93.4% of the total BIDs additional income compared to just 6.6% for the Industrial BIDs. However, the Industrial BIDs (as described in Chapter 7), in contrast to the City/Town Centre BIDs, have managed to increase their additional income. The outlook for the City/Town Centre BIDs in terms of the current downward trend is hard to predict, but there remains some likelihood that the income levels will continue to be affected by the continued uncertainty surrounding the global economy.

4.2 Sources of Additional BID Income

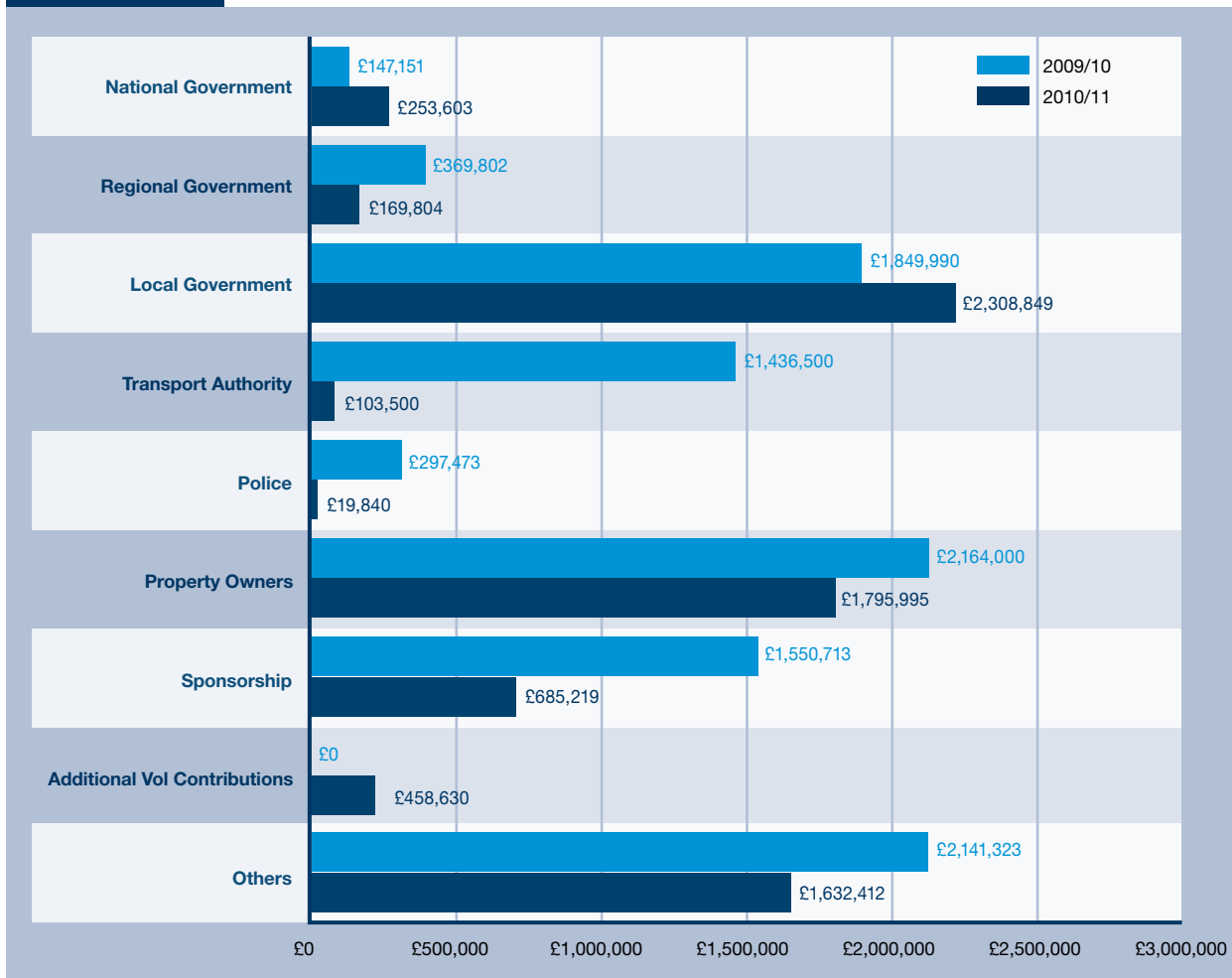
It is interesting to note from Figure 4.2 that the additional income sources of the City/Town Centre BIDs shows less variation in the diversity of funding compared to last year's survey with three core sources coming to the forefront. These sources include Local Government (£2,308,849), Property Owners (£1,795,995) and Other (£1,632,412). The income streams that have witnessed the largest reductions are the Transport Authorities (£1,333,000 or 92.9%), the Police (£277,633 or 93.3%) and Sponsorship (£865,494 or 55.8%) with each of these revenue streams showing a substantial funding deficit on last year. At the opposite end of the scale some revenue streams have increased, notably Local Government (an increase of £458,859 or 24.8%) and National Government (an increase of £106,452 or 72.3%). This could point towards Government taking a greater interest in innovative revenue generating vehicles such as BIDs given the genuine wider regeneration impact potential that some of these BIDs now exhibit (see later discussion on investment generation). This is perhaps all the more surprising given the cost cutting measures being undertaken by the current Coalition Government and the abolishment of the Regional tier of governance which will see the tail-end funding for Regional Government completely removed for next year. It also remains to be seen if this level of funding will be maintained especially with the potential introduction of local retention of business rates uplift which could see Government view this reapportionment of the business rates as the main source of local funding, hence be unwilling to further pump-prime the BID model.

A further interesting development is the emergence of Additional Voluntary Contributions which has been explicitly drawn out in this year's survey after forming part of the Sponsorship source last year. It has been used to capture revenue from 'fee for service' income streams drawn from the commercialisation of services, e.g. charging a fee for businesses outside of the BID area for a service provided to them. It remains to be seen how these income sources will differ next year given an anticipated increase in the speed of the economic recovery which could see more investment confidence return.

Exploration of the largest income stream, Local Government, shows that this stream alone accounted for 31.1% of the overall BID income for City/Town Centre BIDs. At an individual BID level, Liverpool City Central (£319k), Rugby First (£223k which topped last year's figure of £214k) and Plymouth (£180k) lead the field in terms of attracting Local Government funding. For Liverpool, this figure relates to the arrangement with their City Council whereby the levy liability on the Council hereditaments is waived in exchange for all staff salaries being funded by the Council. Plymouth also receives a contribution from their City Council towards staffing costs. In the case of Rugby, this is slightly misleading as the £223,000 relates to a council contribution to the running of CCTV. The uncertainty affecting the local retention of business rates and its potential impact on BID revenue could place some strain on future BID leverage of local government funding, especially if local government view the rates retention as an income stream for wider economic development projects beyond BID boundaries.

Figure 4.2

Source of City/Town Centre BIDs Income Over and Above BID Levy



Property Owners this year dropped into second place in terms of income generation accounting for 24.1% of the total BID income, which in percentage terms is virtually identical to last year (24.2%). Again like last year New West End Company (£919k) and Heart of London Business Alliance (£206k) were the leading beneficiaries of Property Owner income, while Retail Birmingham (£144k) also emerged as a significant recipient. Birmingham's £144,000 is made up from contributions from all four shopping centres plus some further property owners within the area. National Government emerged as an increased revenue stream while most income sources were contracting, however at only 3.4% of the total BIDs income it is still a small proportion of the total additional income fund. Notable performances in seeking National Government funding include Lincoln BIG (£70k), Reading (£58k) and Better Bankside (£47k). In the case of Reading, the £58,000 came from two sources – £20,000 from the Home Office Alcohol Support Programme to address a more positive image of evening and night time economies plus £38,000 from Communities and Local Government for empty shops impact mitigation. Bankside's £47,000 was a grant from the Department of Work and Pensions for a Health and Well Being Programme.

Sponsorship has fallen back this year accounting for 9.2% of total income compared to 16.7% last year. The major contributors from Sponsorship this year were New West End Company (£270k, largely from their VIP – Very Important Pedestrians events that attract significant sponsorship) and the two Irish BIDs of Dublin City Centre (£85k) and Dundalk (£50k). However, despite the total revenue from Sponsorship being down, in a change from last year, there appears to be more BIDs seeking Sponsorship as a key revenue stream with over 1/3 of the total BIDs seeking some income from this source. The final area of note was the emergence of Additional Voluntary Contributions with this accounting for £458k or 6.2% of the total income. This is currently a small proportion of the additional BID income with over half of this amount coming from just 3 BIDs – Ipswich Central (£144k), Liverpool City Central (£52k) and Heart of London Business Alliance (£47k). In the case of Ipswich Central, this income is largely from external activities undertaken by the BID team in the form of consultancy and management support that helps to reduce the operational cost of the Ipswich BID.



4.3 Comparison of Additional BID Income with Last Year

Closer inspection of the performance of the City/Town Centre BIDs over the last two years, as shown in Table 4.2, adds further clarity to the drop in additional income experienced across the vast majority of BIDs. Indeed, of the 36¹² BIDs with comparable income figures for 2009/10 and 2010/11 there are only 8 BIDs or 22.2% of the sample which demonstrated an upward rise in the additional income over and above the BID levy. Of these, special mention should be made to the BIDs from Daventry (251%), Ipswich Central (117%) and Reading (90.1%) each of which recorded significant increases in their income levels despite the wider recessionary impacts being felt by the BIDs in general. In the case of Daventry, this is in fact a misleading figure as the value of the secondment post was only entered in this year's survey despite the fact it had actually also been in place in the previous year. The increase in income at Ipswich is largely down to the enhanced external activity being undertaken by the BID management team over the past year. For Reading, there have been successes in attracting new funds but this figure also in part includes some funds carried forward from the previous year.

The sources of additional income varied across the three tiers of government as well as sponsorship, additional voluntary contributions and contributions from property owners. Of the BIDs experiencing a significant income level downturn, Bristol Broadmead (100%), Camden Town Unlimited (92.4%) and Hinckley (89%) have all suffered a dramatic reduction in additional income. For Bristol this is down to an ownership change and a decision to cut back on all non fixed costs. The Camden Town Unlimited BID additional income turnaround can be in part explained by the range of transport infrastructure projects funded last year which artificially inflated their income return in 2009/10 and the decrease was lessened by an increase in BID levy income. In the case of Hinckley, this is due to an artificial uplift the previous year by virtue of a one-off set up grant for business premises.

Whilst lower income returns cannot be undue cause for concern based on one annual return, especially when some BIDs have balanced this downturn with an increase in BID levy income, this needs to be closely monitored to see if the BID income streams become adversely affected over a longer period and therefore if further pump priming action is required to restore private sector confidence. There is evidence to suggest that some BIDs have been able to maintain their previous income levels with the Plymouth, Rugby First, Newcastle, Heart of London Business Alliance and Falkirk BIDs all experiencing less than a 5% reduction in additional income. These differences in additional income generation, whether positive or negative, will become more significant in future surveys especially if some BIDs maintain a downward or upward performance curve.

Similarly, in Table 4.2 the reduction in total revenue from additional income across the two years for the comparable BIDs shows a 39.7% shortfall from last year or £3.22 million. This could reflect a reduction in capital infrastructure projects especially as more BIDs become established or that BIDs are becoming more selective in terms of the types of projects and hence experience a targeted reduction in the funding streams required. While undoubtedly BIDs will continue to maximise their additional funding where opportunities arise to do so, there could potentially be a point where the projects being developed determine the amount and type of funding sought resulting in a natural contraction/increase in the income levels, making yearly figures inconsistent

¹² Of the 66 City/Town Centre respondents this year only 54 generated an additional income in 2010/11 and of this only 36 participated in last year's survey, hence reducing the viable sample to 36 for direct comparison purposes.

Table 4.2

Comparison of City/Town Centre BIDs Additional Income 2009-11

BID Name	Additional Income 2009/10	Additional Income 2010/11	% Difference
Angel AIM	£289,000	£58,500	-79.8%
Better Bankside	£431,892	£211,000	-51.2%
Boston BID	£55,000	£14,313	-74%
Brighton BID	£42,000	£52,400	+24.8%
Bristol Broadmead BID	£75,000	£0	-100%
Camden Town Unlimited	£1,264,000	£96,000	-92.4%
Coventry City Centre BID	£305,000	£271,324	-11%
Croydon BID	£568,000	£119,000	-79%
Daventry BID	£25,000	£87,739	+251%
Ealing Broadway BID	£115,000	£95,000	-17.4%
Enterprising Bathgate	£81,500	£64,690	-20.6%
Essential Edinburgh	£179,000	£54,000	-69.8%
Falkirk BID	£160,000	£159,020	-0.6%
HammersmithLondon	£179,523	£58,500	-67.4%
Heart of London Business Alliance	£265,000	£258,000	-2.6%
Hinckley BID	£50,000	£5,500	-89%
Hull BID	£81,000	£20,000	-75.3%
inmidtown (previously InHolborn)	£130,000	£100,000	-23.1%
inSwindon	£205,781	£137,398	-33.2%
Ipswich Central BID	£95,000	£206,155	+117%
Kingston First	£187,323	£123,600	-34%
New West End Company	£1,951,763	£1,409,674	-27.8%
Newcastle NE1 BID	£86,000	£84,000	-2.3%
Paddington BID	£28,426	£20,558	-27.7%
Plymouth BID	£425,000	£411,000	-3.3%
Reading BID	£77,000	£146,391	+90.1%
Royston First	£51,000	£23,500	-53.9%
Rugby First	£234,000	£226,500	-3.2%
Stratford BID	£34,500	£51,611	+49.6%
Torquay BID	£90,000	£47,000	-47.8%
Totally Truro	£14,189	£15,300	+7.8%
Victoria BID	£130,000	£45,197	-65.2%
Waterloo Quarter BID	£50,015	£74,362	+48.7%
Winchester BID	£67,000	£52,460	-21.7%
Worcester BID	£44,300	£39,250	-11.4%
Worthing Town Centre BID	£28,000	£40,000	+42.9%
TOTAL	£8,095,212	£4,878,942	-39.7%



4.4 Highest Producing BIDs by Additional BID Income

The highest additional income was once again returned by New West End Company generating an income of £1.4M, followed by Lincoln with £755k and Liverpool City Central with £461k. Three of the highest producing BIDs do not have comparable figures from 2009/10, as Retail Birmingham and Liverpool City Central did not participate in the 2009/10 survey, whereas Lincoln has jumped from no additional income in 2009/10 to second place in income generation in this year's survey.

However, the small scale of the reductions in additional income in most cases, with the exception of the New West End Company and Better Bankside, points to additional income generation amongst the highest producing BIDs being of less concern than for other BID areas. Of perhaps greater significance is that 8 of the BIDs shown in Figure 4.3 are established or mature BIDs having passed their first renewal stage. This clearly illustrates that the income generation of BIDs is likely to be significantly higher in the later lifespan of the BID than in a BID's infancy. It is equally encouraging to see two advanced first term BIDs record high additional income levels with Retail Birmingham and Ipswich Central testament to what can be achieved in a relatively short timeframe with both BIDs starting in 2007.

Further analysis of the BIDs that have gone through 1st renewal and those yet to reach that stage shows a clear disparity in income levels, with the renewed BIDs capable of attracting significantly more additional funding. Table 4.3 demonstrates this point by analysing the highest producing BIDs in each cycle, with the 3 renewed BIDs collectively generating over £2.6million whereas the top 3 advanced 1st term BIDs generated just over £575k representing a 78% difference between the two. This supports the earlier hypothesis regarding the increased income generating capabilities of BIDs when they reach renewal and shows the ultimate benefits to be gained by local authorities in retaining confidence in the BID model.

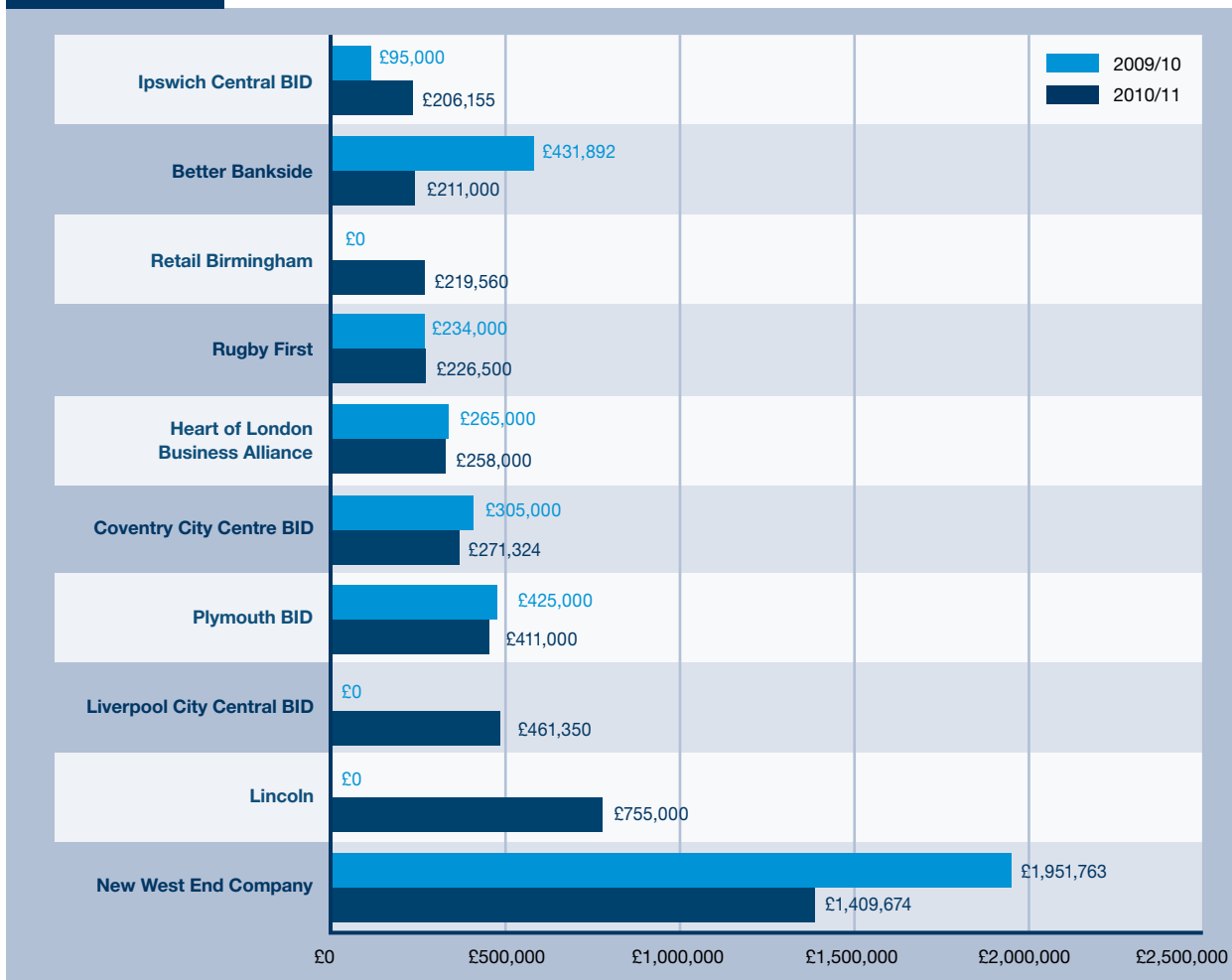
Figure 4.4 links BID maturity to the knowledge they have gained with 62.5% of renewed City/Town Centre BIDs taking the opportunity to adjust their BID proposal themes based on their first term experiences. This shows the natural progression that a number of these BIDs have undertaken which has then necessitated a change in focus going into the 2nd term. In the majority of cases it has resulted in an expansion or emphasis shift from the original proposal or a simplification of the BID theme terminology.

Table 4.3

Comparison of Higher Producing Renewed Versus Advanced 1st Term BIDs by Additional Income

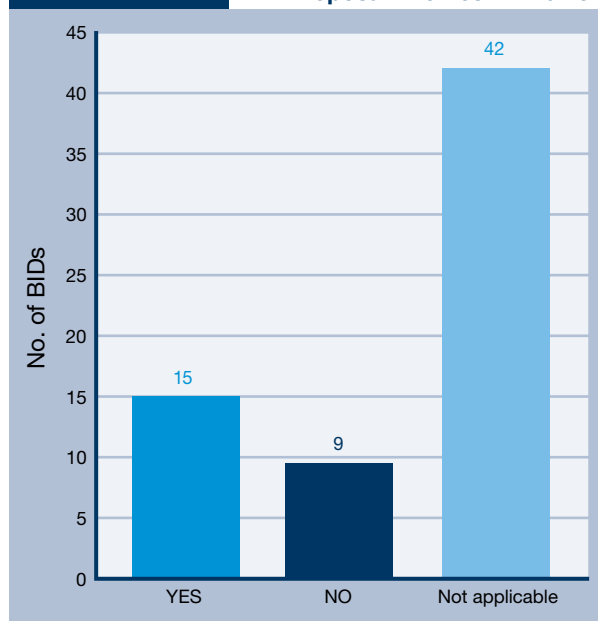
	BID Status	Income
New West End Company	Renewed	£1,409,674
Lincoln BIG	Renewed	£755,000
Liverpool City Central	Renewed	£461,350
Retail Birmingham	Advanced 1st Term	£219,560
Ipswich Central	Advanced 1st Term	£206,155
Oldham	Advanced 1st Term	£150,000

Figure 4.3 Comparison of the Highest Producing City/Town Centre BIDs by Additional Income



Some BIDs are placing greater emphasis on the wider regeneration potential of the BID with this reflected in both the Birmingham Broad Street and Camden Town Unlimited BIDs. inmidtown and Camden Town Unlimited BIDs also mention the cost saving and cost neutral aspirations of the renewal term, whereas Kingston First have broadened the tourism theme to reflect the place making and destination management goals of the BID. A number of renewed BID proposals now emphasise the increasing importance of marketing and events to drive footfall generation, in particular the Liverpool City Central, Kingston First and Heart of London Business Alliance BIDs. Similarly, another emerging area gaining more exposure is CSR with New West End Company and HammersmithLondon BIDs advocating this alongside a more strategic overview, while Waterloo Quarter have recognized the importance of making the proposal more aspirational for local businesses in terms of the phraseology used. Finally, Liverpool City Central and Paddington have placed a greater importance on environmental enhancement and recycling schemes respectively. All these alterations to the BID proposals show that BIDs at renewal are continuing to become more innovative and are ensuring that their delivery targets best reflect the priorities in their local area which clearly overlaps with the localism agenda pushed by Government.

Figure 4.4 Adjustment to City/Town Centre BID Proposal Themes in 2nd Term



4.5 Source Diversification of Additional BID Income

In line with the reduction in the overall additional income generated, there has been a similar reduction in the diversification of income sources for individual BIDs. Figure 4.5 shows that in the complete City/Town Centre and Industrial BID sample there are a fewer number of BIDs achieving greater than 4 income streams compared to last year with 14 (23.3%) in 2009/10 and only 10 (12.2%) in 2010/11. Likewise, there is a higher percentage of BIDs who have failed to generate any additional income with 20 or 24.4% in 2010/11 compared to just a total of 9 or 15% in 2009/10. At the individual BID level the most diversified BID in terms of additional income was Lincoln BIG (7 sources), while Great Yarmouth secured 6 sources and Better Bankside 5 sources in the financial year 2010/11. It should be noted that although Bankside's figures show 5 different sources of funding, there are in fact an impressive 19 different individual income streams in total.

The danger in this contraction in income sources is the increased risk it places on BIDs in the event of any of these income sources drying up. BIDs will have to continue to manage their risk alongside the potential increase in administration costs for attracting additional revenue sources and will have to seek a balance between the two that suits the risk profile and income streams needed by any individual BID area. However, despite the slight fallback in terms of the number of additional revenue streams generated there is still some optimism given that there remains a healthy clustering of BIDs attracting one, two or three income streams and an improving economy should help see this position grow.

In order to determine if this contraction in the number of sources is directly related to the economy or the higher response rate, a further Figure (4.6) was created using only directly comparable data from 43 City/Town Centre BIDs for 2009/10 and 2010/11. Figure 4.6 clearly illustrates that a small contraction is evident within the 4, 5 and 6 source categories showing that some BIDs have reduced the number of income sources from 2009/10 to 2010/11, however this is not considered substantial enough to warrant undue concern.

Figure 4.5 Comparison of Additional Income Across Complete Sample

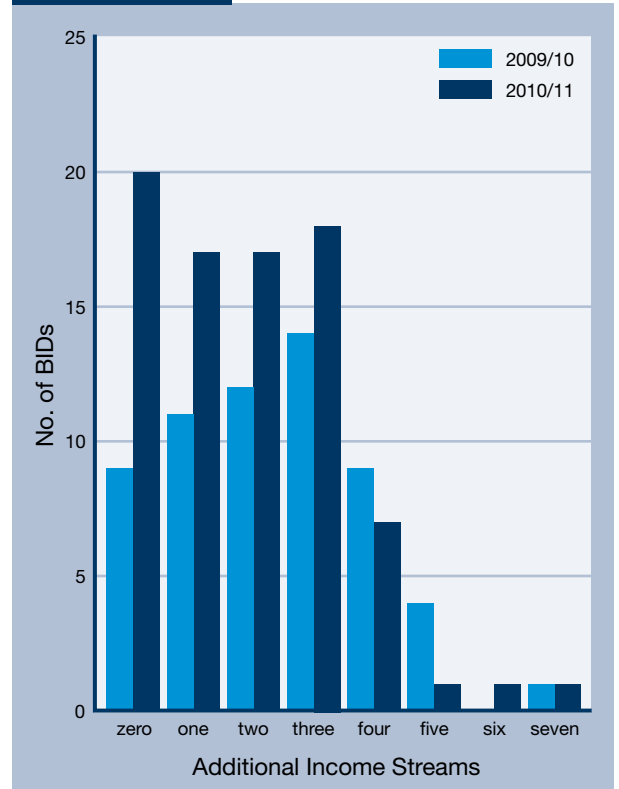
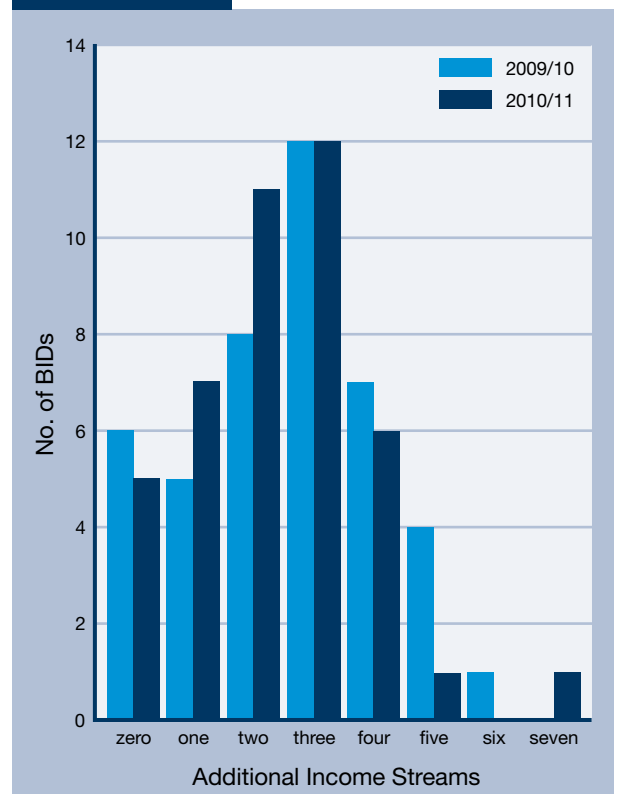


Figure 4.6

Direct Comparison of Additional Income Sources of City/Town Centre BIDs



4.6 Income Generation Multiplier Effect

The leverage ratio of additional income generated in relation to the BID levy income once again provides a clear indication of the overall performance of the individual BIDs and the additional value created for the BID area. This multiplier effect was present in 54 (81.8%) of the 66 City/Town Centre BIDs. Table 4.4 illustrates that the cumulative levy-to-income ratio for 2010/11 was 1:0.35, meaning that for every £1 of BID levy generated across the 54 BIDs a further £0.35 was generated in direct additional income, equating to a slight drop from the £0.40 generated in direct additional income for the previous 2009/10 financial year. This still demonstrates the positive multiplier effect of the BID model in leveraging in additional funding and thereby increasing the value to the BID area, with this year's drop attributable to the current economic instability.

Further examination of Table 4.4 shows the relative performance over the last 2 year period of the individual BID levy to income ratios. Of particular note is the contraction in the level of leverage ratio in 27 (49.1%) of BIDs with only 9 (16.4%) showing an improvement in Levy-Income ratio, a further 19 (34.5%) BIDs were new to the survey compared to last year and hence have no comparable ratio. However, it should be noted that in some cases the changes in the level of levy-income ratios is very small and as the overall average ratio reduced by only 0.05 this slight contraction is not viewed as cause for concern. Special mention is warranted for Lincoln who returned the highest ratio with an impressive £2.16 for every £1 of BID levy income, as well as Enterprising Bathgate generating an extra £1.08 and Kirkcaldy and Plymouth both generating £1.03. This is particularly impressive in the cases of Enterprising Bathgate and Kirkcaldy BID as both these BIDs are yet to reach their first renewal and yet they are outperforming a number of renewed BIDs. In the case of Enterprising Bathgate these match funds are coming from a combination of the Council and the Police.

Given that income generation varies significantly across the BID population, it is difficult to estimate the total income generated for the complete 112 BIDs. However, as an estimate of income performance it is possible to apply the mean value for the surveyed sample of both BID levy and BID additional income and multiply this across the complete 112 sample. Table 4.5 compares the figures for last year with the current 2010/11 survey showing a slight increase (11.9%) in the total estimated income generation at £73.4M compared to £65.6M last year. This table also shows the drop in Mean BID income of £70,399 (38.5%) and the corresponding rise in Mean BID levy income of £43,899 (9.53%) reflecting the changes in the rating list from the 2010 revaluation, changes in vacancy levels, greater efficiency in levy collection and the extension some BIDs have implemented in their BID boundary upon first renewal.



Table 4.4

City/Town Centre BID Income Generation Relative to BID Levy

BID Name	BID Start Date	BID Levy Income 2010/11 (L)	Additional Income 2010/11 (I)	R = (I/L) 2009/10*	R = (I/L) 2010/11
Alloa Town Centre BID	2008	£104,000	£70,000		0.67
Angel AIM	2007	£333,000	£58,500	0.96	0.18
Bath BID	2010	£628,000	£105,000		0.17
Bayswater BID	2010	£536,000	£30,000		0.06
Better Bankside	2005	£969,856	£211,000	0.42	0.22
BID Barnstaple	2010	£104,000	£24,000		0.23
Birmingham Broad Street BID	2005	£400,000	£40,000		0.10
Boston BID	2008	£144,000	£14,313	0.42	0.10
Brighton BID	2006	£170,000	£52,400	0.23	0.31
Bristol Broadmead BID	2008	£296,000	£0	0.24	0.00
Camden Town Unlimited	2006	£430,000	£96,000	3.29	0.22
Coventry City Centre BID	2005	£280,770	£271,324	0.92	0.97
Croydon BID	2007	£1,098,752	£119,000	0.57	0.11
Daventry BID	2008	£140,972	£87,739	0.21	0.62
Dorchester BID	2008	£110,000	£50,000		0.45
Dublin City Centre BID	2008	£2,400,000	£85,000		0.04
Dundalk BID	2009	£149,000	£85,000		0.57
Ealing Broadway BID	2006	£310,000	£95,000	0.32	0.31
Enterprising Bathgate	2008	£59,850	£64,690	1.11	1.08
Essential Edinburgh	2008	£870,000	£54,000	0.21	0.06
Falkirk BID	2008	£170,000	£159,020	0.92	0.94
Great Yarmouth BID	2006	£97,602	£85,000		0.87
HammersmithLondon	2006	£757,535	£58,500	0.30	0.08
Heart of London Business Alliance	2005	£667,000	£258,000	0.41	0.39
Hinckley BID	2009	£135,891	£5,500	0.31	0.04
Hull BID	2006	£465,000	£20,000	0.16	0.04
Ilford BID	2009	£437,655	£70,000		0.16
inmidtown	2005	£2,200,000	£100,000	0.05	0.05
inSwindon	2007	£373,268	£137,398	0.57	0.37
Inverness BID	2008	£220,000	£98,000		0.45
Ipswich Central BID	2007	£564,663	£206,155	0.19	0.37
Kings Heath Centre Partnership	2008	£120,000	£21,500		0.18
Kingston First	2005	£859,826	£123,600	0.21	0.14
Kirkcaldy BID	2010	£110,000	£113,000		1.03
Lincoln	2005	£350,000	£755,000		2.16
Liverpool City Central BID	2005	£641,820	£461,350		0.72
New West End Company	2005	£2,608,000	£1,409,674	0.79	0.54
Newcastle NE1 BID	2009	£1,600,000	£84,000	0.06	0.05
Oldham BID	2007	£155,115	£150,000		0.97
Paddington BID	2005	£533,000	£20,558	0.07	0.04
Plymouth BID	2005	£400,000	£411,000	1.21	1.03
Reading BID	2006	£345,065	£146,391	0.25	0.42
Retail Birmingham	2007	£521,996	£219,560		0.42
Royston First	2009	£177,000	£23,500	0.44	0.13
Rugby First	2005	£599,000	£226,500	0.40	0.38
Southside BID	2010	£350,000	£76,500		0.22
Stratford BID	2009	£322,202	£51,611	0.10	0.16
Swansea BID	2006	£480,000	£10,000		0.02
Torquay BID	2010	£238,812	£47,000	0.37	0.20
Totally Truro	2007	£248,632	£15,300	0.12	0.06
Victoria BID	2010	£1,287,484	£45,197	0.10	0.04
Waterloo Quarter BID	2006	£446,940	£74,362	0.10	0.17
Winchester BID	2008	£442,108	£52,460	0.18	0.12
Worcester BID	2010	£369,503	£39,250	0.14	0.11
Worthing BID	2008	£220,000	£40,000	0.12	0.18
Total	-	£29,049,371	£7,427,852	0.40	0.35

Renewed BIDS highlighted in blue Levy-Income Ratio of Greater than 1 *Calculated figures taken from the 2009/2010 report

Table 4.5 Comparison of Estimated Income Generation Potential across BID Population

	Mean BID Levy Income	Mean Additional BID Income	Total	Total No. of BIDs	Estimated BID Population Total
2009/10	£460,468	£182,942	£643,410	102	£65,627,820
2010/11	£504,367	£112,543	£616,910	112	£69,093,920

Table 4.6 Investment Attracted Beyond City/Town Centre BID Bank Account

	Total Investment 2010/11	No. of BIDs	Ave per BID
City Centre BIDs	£38,869,398	35	£1,110,554

4.7 Additional Investment Generated Beyond BID Area

Table 4.6 investigates the investment attracted to the area which does not directly go into the BID company bank account, with the significant amount of nearly £39million attracted to a total of 35 City/Town Centre BID areas in this past financial year. This works out at approximately £1.1M per BID, suggesting that BIDs are starting to actively consider their role in wider area regeneration as evidenced in the earlier changes to BID proposals upon renewal. However, while the BID model can act as the initial catalyst in helping to kick start the area improvements it should not form the only strand of any wider regeneration strategy of a City/Town in need of additional investment. Indeed, it is the centres of towns and cities that have suffered the most from urban decline and the impact of policy decisions such as out of town shopping etc. and hence they necessitate more investment to help overcome the urban problems faced.

Figure 4.7 clearly outlines the disparity between the investment potential of the City/Town Centre BIDs and their Industrial counterparts. However, the fact that despite an economic downturn the BID model or the influence of this model can help to lever investment of £39.5million, is testament to the success and confidence that the investor market has in this area-based vehicle. It is difficult to establish the counterfactual evidence by extracting exactly how much influence the BID itself has played in attracting this investment and whether this investment would have been achieved in the absence of the BID. Furthermore, while some BIDs are central to the investment attracted, such as the Heart of London Business Alliance, other BIDs play a less active role in influencing the investment proposals. In this regard it is possible to surmise that investment is currently being attracted to cities and towns that have BIDs in place and, therefore, in some instances this may assist in attracting investment to an area as it can help establish investor confidence.

Figure 4.7 Additional Investment Generated to Area 2010/11

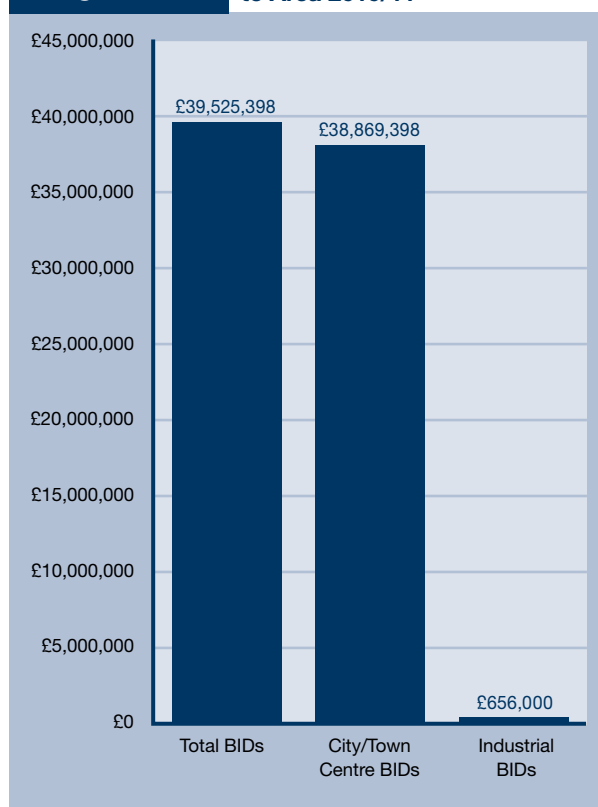


Table 4.7

Comparison of Highest Performing Renewed Versus Advanced 1st Term BIDs by Additional Investment

	BID Status	Income
Heart of London Business Alliance	Renewed	£20,930,000
Birmingham Broad Street	Renewed	£3,205,000
Waterloo Quarter	Renewed	£2,200,000
Alloa Town Centre	Advanced 1st Term	£2,603,000
Angel AIM	Advanced 1st Term	£2,551,000
Croydon	Advanced 1st Term	£523,000

4.8 Largest Producing BIDs by Investment Income

Consideration of the largest producing BIDs helps to provide an impression on the health of the overall investment income position. In this regard, Figure 4.8 shows the amount of investment attributed to these BIDs and it is clear that these BIDs alone accounted for a significant proportion (89.2%) of the total investment generated. Furthermore, the leading BID, Heart of London Business Alliance (£20.9 million) accounted for 53.8% of the total investment generated. This Heart of London Business Alliance BID investment is primarily to fund two public realm projects designed to redevelop Leicester Square and help ease traffic problems around Piccadilly Circus. These projects are the result of two years of partnership working with property owners and the City Council to secure a dedicated management plan for the area. All these major BID investments demonstrate how the momentum built by the BID model can help attract and co-ordinate further wider investment to an area. This message concerning the capacity of BIDs in facilitating/delivering wider regeneration benefits needs to be given greater emphasis within BID strategies.

Figure 4.8

Largest Producing City/Town Centre BIDs by Additional Investment

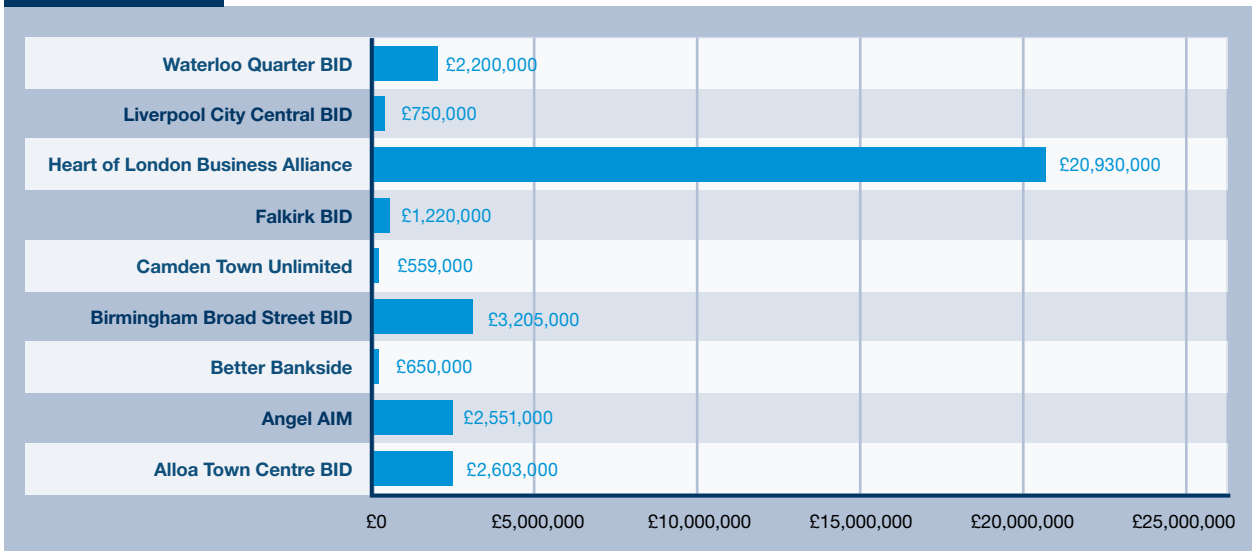
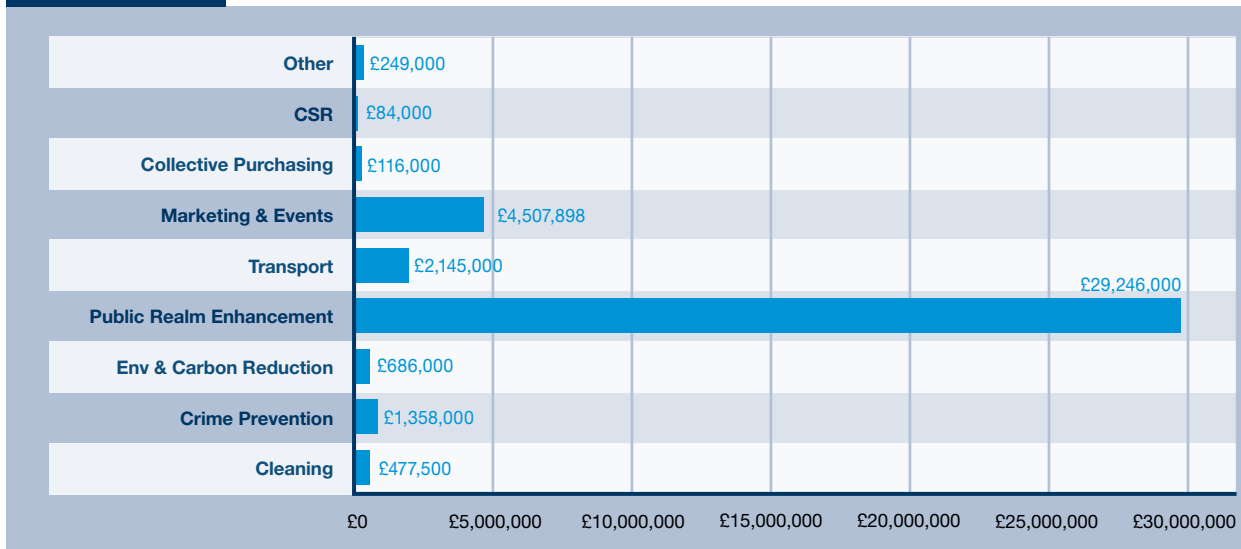


Table 4.7 shows the respective investment achieved by the highest producing advanced 1st term BIDs (i.e. those yet to reach renewal) and the Renewed BIDs. The advanced 1st term BIDs attracted investment of over £5.6M compared to over £26M for the renewed BIDs. However, aside from the large Heart of London BID a similar investment level has been achieved between both renewed and advanced 1st term BIDs. This demonstrates that the age of the BID proves less of a barrier to the attraction of additional investment and, as with any investment opportunity, it is more about the investment clarity and its perceived benefits, be that by way of financial return or community benefits, that determines the strength of the proposal. So while the earlier results suggested that in terms of income generation renewed BIDs had the edge, it appears that in the investment stakes the age of the BID plays less of a role in attracting investment. This should in itself act as a boost to any BID area in its infancy and points to significant benefits to be had if the right investment proposals are put forward by the BID management team.

Figure 4.9

City/Town Centre BIDs Additional Investment by Source 2010/11



4.9 Additional Investment Project Types

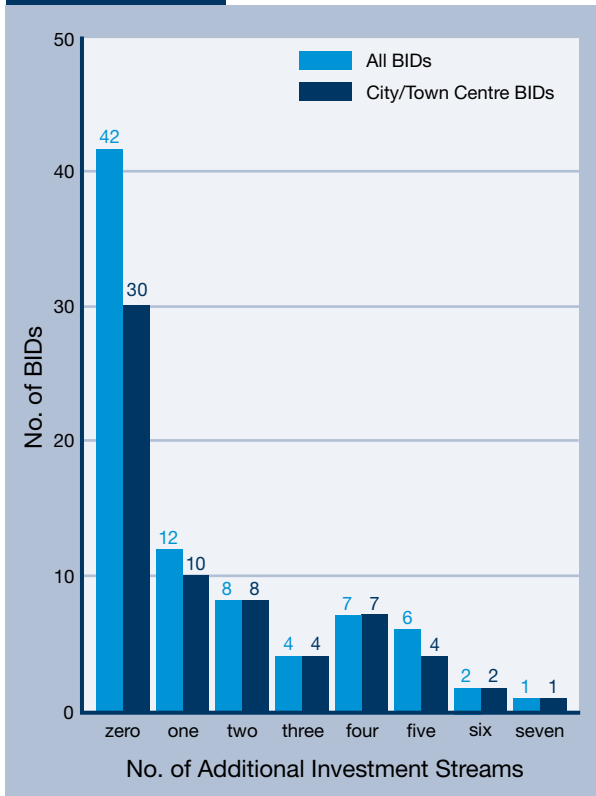
Figure 4.9 outlines the key investment project types that are emerging from BID respondents in the 2010/11 survey. The £20.9 million public realm investment facilitated by the Heart of London Business Alliance significantly skews the graph in Figure 4.9 given the high infrastructure and building costs associated with this sort of project, dwarfing the investment funding achieved by all other BIDs. What this does show however, is that projects which are linked to either public realm or wider area redevelopment are central to the additionality ethos of the BID model and therefore the BID itself can form more of a catalytic role in helping to lever investment for these types of project. There are other areas also worthy of note including the £4.5 million (11.6%) dedicated to Marketing and Events, the £2.1 million (5.5%) dedicated to Transport and the £1.3 million (3.5%) dedicated to Crime Prevention. Additional areas, such as Corporate Social Responsibility (CSR), Collective Purchasing and Environmental and Carbon Reduction, despite various policy initiatives relating to sustainability, carbon abatement and efficient procurement are at present not attracting significant investment. However, this position is likely to change in the near future with evidence of direct delivery being undertaken by individual BIDs and more explicit reference to these areas in the renewal proposals of many BIDs, suggesting that the BID model can help to drive forward the delivery of these initiatives at a local level without the need for additional investment.

On an individual BID basis some of the highest investment was attracted for Public Realm projects with Heart of London Business Alliance leading the way with £20.5M, followed by

Waterloo with £2.2M and Falkirk with £1.2M. In the case of Waterloo, this figure is slightly misleading as it relates to a total project figure rather than an annualised one but nevertheless is a significant pool of s106 funds that has been brought together into a single pot for delivery as a result of strong partnership working. Falkirk's example includes £1M from the Scottish Government's Town Centres Regeneration Fund, which the BID partnered Falkirk Council on. The BID was a lead partner on this bid and indeed the two key projects were delivered right in the heart of the BID area. Big investment was attracted for Transport projects by Angel AIM (£1.8M), inmidtown (£165k) and Birmingham Broad Street (£100k). For Angel, the transport funds were to improve pedestrian and traffic flow and the BID had taken on a pivotal role in assessing what needed to be done and how it would be managed. Further strong performance on Environmental and Carbon Reduction investment projects included the £220k generated by inmidtown, £200k by Heart of London Business Alliance and £150k by Better Bankside. Likewise, notable Marketing and Events investments were recorded by Birmingham Broad Street (£3M), Liverpool City Central (£350k) and New West End Company (£200k). Crime Prevention showed strong investment by Camden Town Unlimited (£400k), Croydon (£247k) and Angel AIM (£200k), whereas CSR investment remained modest but led by inmidtown (£50k), Angel AIM (£15k) and Paddington (£10k). In the cases of both Camden and Angel, their respective £400k and £200k figures relate to policing, in the former from the Borough Council towards PCSOs and in the latter from the Borough Council and the Police towards additional police officers.

Figure 4.10

Additional Investment Diversification



4.10 Diversification of Investment Streams

The number of different investment streams which BID areas were benefiting from varied quite significantly with 30 of the 66 BID areas or 45.5% of the sample currently not attracting any wider regeneration investment. In contrast to this, Figure 4.10 shows that 14 or 21.2% have managed to source investment from 4 or more investment streams. This clearly shows a number of BID areas have been successful in identifying possible wider regeneration potential for their area. However, as mentioned previously it is somewhat difficult to extract the impact that the BID itself had in attracting this investment and whether such investment would have been forthcoming regardless of the BID presence. Furthermore the large percentage of BIDs yet to avail themselves of wider regeneration investment shows that more awareness and publicity is needed of the BID potential as a wider regeneration vehicle to ensure that it is implemented to its maximum economic advantage.

4.11 Investment Generation Multiplier Effect

The investment multiplier, in the same way as the income multiplier calculated earlier in this chapter, can be used to help illustrate the amount of additional regeneration investment that has been generated to a BID area. This investment does not directly benefit the BID financially but the knock-on impact for the BID area or city in general is likely to be significant. For consistency purposes in future reports it is intended that the financial investment recorded shall either represent the complete investment spread over x number years (if this information has been provided) or a one-off lump sum which will appear in the BID report in the reporting year only. It should also be noted that unlike the income multiplier discussed in Section 4.6 the additional investment multiplier refers to indirect investment attracted beyond the BID bank account. The ratio of the combined BID Levy and Additional Income to the Additional Investment helps us determine for every £1 of combined BID income how much the wider BID area is benefiting in terms of indirect investment revenue.

Table 4.8 clearly shows that the total Combined Income (£36,477,223) and the total Additional Investment (£38,869,398) provides us with a cumulative combined income-additional investment ratio for 2010/11 of 1:1.07, meaning that for every £1 of BID income generated across the 35 BIDs, that we have indirect investment and direct income information for, a further £1.07 was levered in additional indirect investment. Further examination of Table 4.8 shows that the highest income-investment ratios were evident amongst a variety of both renewed and advanced 1st term BIDs with the Heart of London Business Alliance ratio of 1:22.62 leading the way. This ratio illustrates that for every £1 of BID income Heart of London managed to lever a further £22.62 in additional investment demonstrating very impressive leverage ratio of private sector investment over and above the BID generated income. A similar high ratio was returned by Alloa Town Centre BID (1:14.96) which was all the more significant given that Alloa has yet to reach 1st renewal stage. Of those renewed BIDs, Birmingham Broad Street (1:7.28) and Waterloo Quarter BID (1:4.22) see an upsurge in indirect investment return after lower performance in the BID levy-income ratios in Table 4.4. In total 9 of the 35 BIDs (25.7%) displayed ratios over 1:1 while a further 5 of the 35 (14.3%) leverage 1:0.5 or better showing they were contributing the generation of at least half of their combined BID income in further indirect regeneration investment for the area.

Table 4.8

City/Town Centre BID Additional Investment Multiplier

BID Name	BID Levy Income (L)	Additional Income (I)	Combined Income (C)	Additional Investment (in)	R = (In/C) 2010/11
Alloa Town Centre BID	£104,000	£70,000	£174,000	£2,603,000	14.96
Angel AIM	£333,000	£58,500	£391,500	£2,551,000	6.52
Bath BID	£628,000	£105,000	£733,000	£15,000	0.02
Bayswater BID	£536,000	£30,000	£566,000	£45,000	0.08
Better Bankside	£969,856	£211,000	£1,180,856	£650,000	0.55
Birmingham Broad Street BID	£400,000	£40,000	£440,000	£3,205,000	7.28
Birmingham Southside BID	£350,000	£76,500	£426,500	£76,500	0.18
Bristol Broadmead BID	£296,000	£0	£296,000	£80,000	0.27
Camden Town Unlimited	£430,000	£96,000	£526,000	£559,000	1.06
Colmore Business District	£695,000	£0	£695,000	£500,000	0.72
Croydon BID	£1,098,752	£119,000	£1,217,752	£523,000	0.43
Daventry BID	£140,972	£87,739	£228,711	£13,000	0.06
Dundalk BID	£149,000	£85,000	£234,000	£100,000	0.43
Essential Edinburgh	£870,000	£54,000	£924,000	£4,000	0.004
Falkirk BID	£170,000	£159,020	£329,020	£1,220,000	3.71
Great Yarmouth BID	£97,602	£85,000	£182,602	£237,500	1.30
Hammersmith London	£757,535	£58,500	£816,035	£118,000	0.14
Heart of London Business Alliance	£667,000	£258,000	£925,000	£20,930,000	22.62
inmidtown	£2,200,000	£100,000	£2,300,000	£540,000	0.23
inSwindon	£373,268	£137,398	£510,666	£74,398	0.15
Kings Heath Centre Partnership	£120,000	£21,500	£141,500	£500,000	3.53
Liverpool City Central BID	£641,820	£461,350	£1,103,170	£750,000	0.68
New West End Company	£2,608,000	£1,409,674	£4,017,674	£205,000	0.05
Oldham BID	£155,115	£150,000	£305,115	£150,000	0.49
Paddington BID	£533,000	£20,558	£553,558	£109,000	0.20
Plymouth BID	£400,000	£411,000	£811,000	£111,000	0.14
Royston First	£177,000	£23,500	£200,500	£67,000	0.33
Rugby First	£599,000	£226,500	£825,500	£21,500	0.03
Stratford BID	£322,202	£51,611	£373,813	£140,000	0.37
Torquay BID	£238,812	£47,000	£285,812	£252,500	0.88
Totally Truro	£248,632	£15,300	£263,932	£52,000	0.20
Victoria BID	£1,287,484	£45,197	£1,332,681	£5,000	0.004
Waterloo Quarter BID	£446,940	£74,362	£521,302	£2,200,000	4.22
Winchester BID	£442,108	£52,460	£516,470	£78,000	0.15
Worthing BID	£220,000	£40,000	£260,000	£184,000	0.71
Total	£29,049,371	£7,427,852	£36,477,223	£38,869,398	1.07

Renewed BIDS highlighted in blue ■ Levy-Income Ratio of Greater than 1

4.12 Recessionary Impact on Public Services

To analyse the impact that the recession has had on the provision of Council Services and hence where the BIDs may come under pressure to deliver more, it was necessary to investigate how many Council Services were reduced or terminated in the last financial year. Figure 4.11 illustrates that a total of 21 (31.8%) City/Town Centre BIDs experienced some form of negative impact from the reduction/termination of public services. This is in keeping with the ongoing efficiency drive at local government level with more services being handed over to the BID team with an accompanying budget.

In terms of the spread of public services that have been reduced/terminated the overwhelming majority fell into the street cleansing area, in particular cut-backs in the frequency of cleaning services. Further reductions/terminations were experienced in areas such as park services and street planting as well as crime and safety with both policing provision and CCTV monitoring affected. To a lesser extent there were also some reductions/terminations in city marketing as well as park and ride facilities and city centre management. To some degree the street cleansing reduction and crime prevention are areas that some BIDs have already assumed responsibility for (Figure 4.12), however if local authorities continue the cost efficiency drive it is likely in the future that most BIDs will be forced into examining these issues more closely and will have to put in place their own arrangements in these areas. Care will need to be taken with any services taken on by BIDs to ensure no displacement occurs and that additionality is maintained across any services assumed from the local authorities through cost savings or efficiency gains.

In total, as shown by Figure 4.12, there were 34 services taken on by individual BIDs in 2010/11 compared to just 17 services in 2009/10, representing a doubling of services taken on by BIDs in the past year. Furthermore, in terms of the individual Council Services directly taken on by the City/Town Centre BIDs, in keeping with last year the most frequently transferred service remains Marketing and Events with 11 BIDs or 32.4% of the total services transferred. A further 7 (20.5%) Crime Prevention Services and 4 (11.8%) Cleaning Services have been delivered. It is anticipated that next year the amount of services taken on by the BIDs may continue to rise because of the squeeze on local government finances, the increasing confidence of some BIDs at delivering service provision and the further effects of the decentralisation agenda.

In addition to the public services taken on by BIDs, there continues to be a strong involvement in Tourism related activities. Figure 4.13 outlines that 14 (17.1%) of the total 82 BIDs were involved in the Direct Provision of tourism activities, 28 (34.1%) were involved in Partnership Provision (28) while 17 (20.7%) were involved as a Policy Influencer. As one might expect only 4 Industrial BIDs indicated any involvement in tourism activity and these all fell under the policy influencer role. Figure 4.13 also shows how the direct provision of tourism related activities has suffered slightly in the current recession with a drop of 3 BIDs. Partnership Provision has increased by a total of 4 BIDs whereas the opportunity for BIDs to Influence Tourism Policy has remained static at 17 BIDs. This demonstrates that while tourism remains an important role for a number of BIDs it has failed to increase during the current economic downturn as revenue continues to be directed at more essential services such as crime prevention and cleaning.

There has been increasing interest over recent months in the potential for TBIDs (Tourism BIDs that span a much wider tourism landscape than the traditional BID model). Early investigations appear to be taking place but it is too soon to judge the real scope and potential acceptability of this concept.

Figure 4.11

**Public Service Reduction/
Termination which Negatively
Impacted upon City/Town
Centre BIDs**

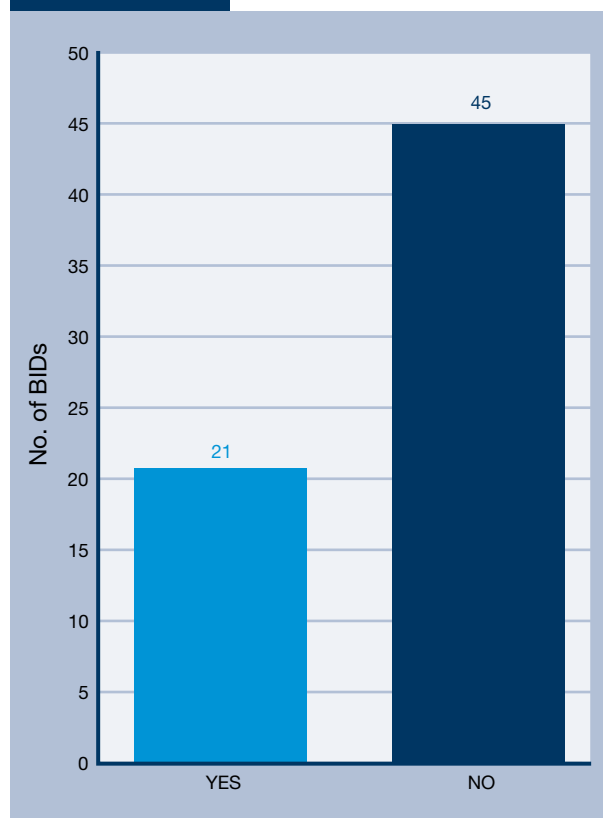


Figure 4.12 City/Town Centre BIDs Additional Investment by Source 2010/11

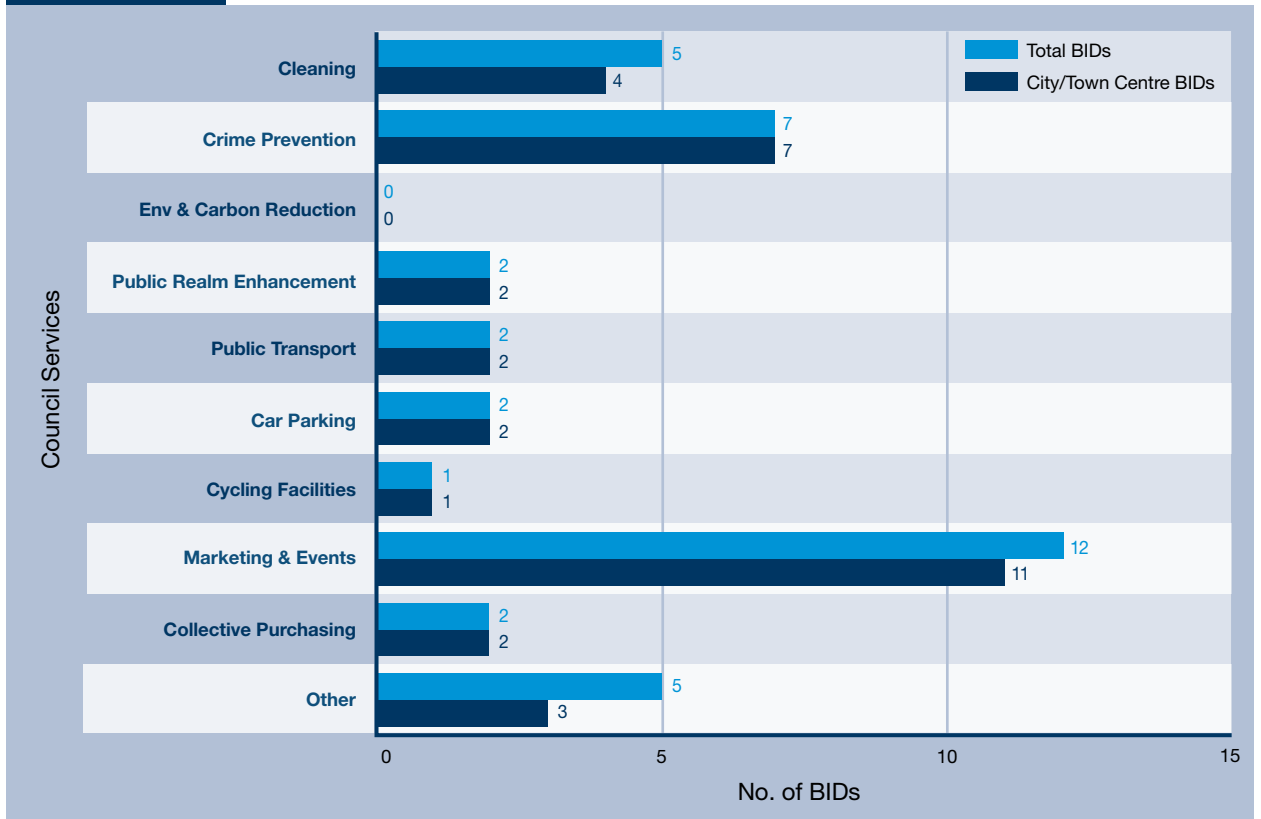


Figure 4.13 Role of BIDs in Tourism Related Activities

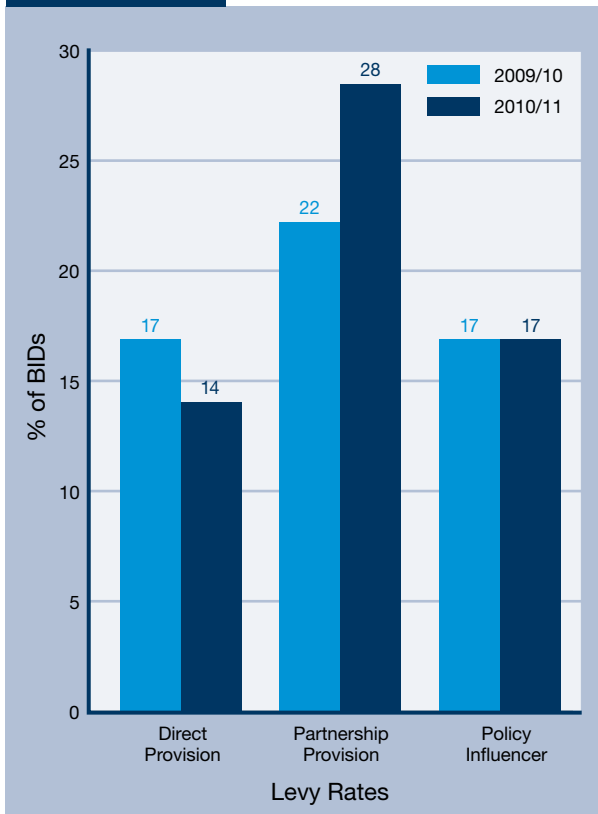
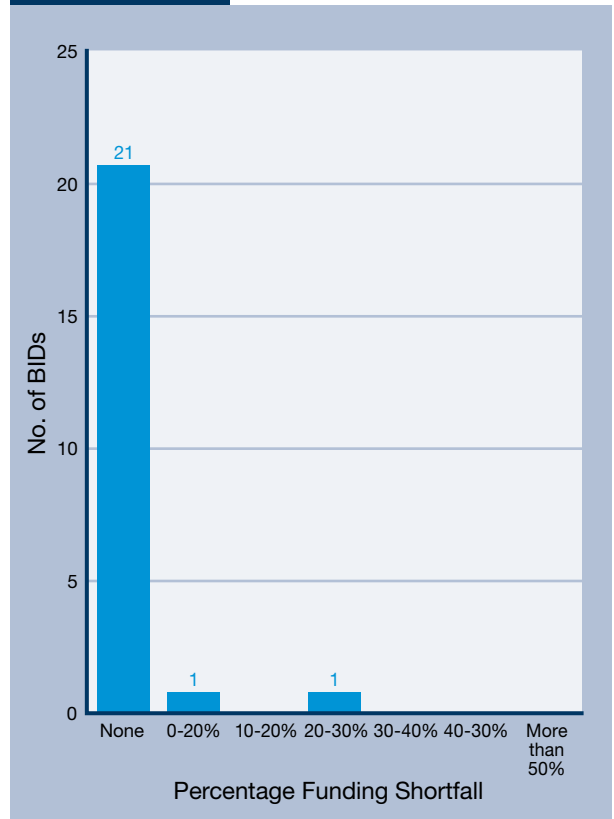


Figure 4.14 clearly shows that in the majority of cases the public services taken on by the BIDs were able to be accounted for through the funds directly transferred from the local authority with only 2 BIDs or 8.7% of the 23 City/Town Centre BIDs who had taken on Council Services indicating a shortfall. One BID indicated a small shortfall of 0-10% (Liverpool City Central) while a further shortfall of 20-30% was recorded by Kingston. In the case of Kingston, a collaborative approach to better understanding the service areas and budget requirements has been undertaken and should improve the budget position for the second year. These shortfalls experienced are a concern given that the funds transferred to the BID from the local authority should cover the service provision and where possible through cost saving and efficiency gains enable the BID to potentially generate a profit from the activities. The presence of a deficit thereby points to the need for further investigation by the BID manager and liaison with the local authorities on the service fund transfer amounts.

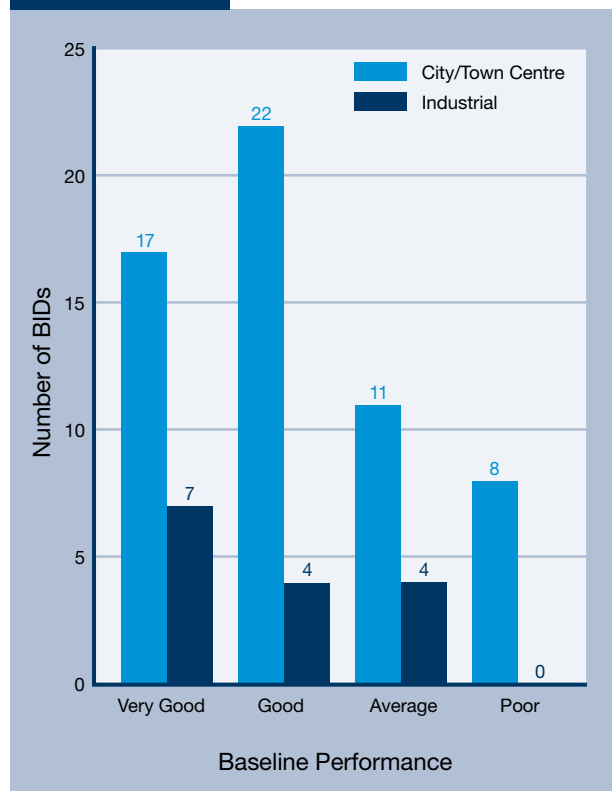
Figure 4.14 Funding Shortfall of Public Services taken on by City/Town Centre BIDs



4.13 Baseline Agreement Performance

Figure 4.15 shows the performance of the baseline agreement in place with the Local Authority for both City/Town Centre and Industrial BIDs. While the performance appears varied across both BID types there is a clustering in the very good and good performance categories suggesting that both BID types in the main are satisfied with their baseline agreement performance. A total of 17 or 29.3% of City/Town Centre BIDs profess that their baseline agreement performance is 'very good' while a further 22 BIDs or 37.9% indicate performance was 'good'. At the other end of the scale only 11 or 19% of City/Town Centre BIDs indicated the performance was 'average' while a further 8 BIDs or 14% put performance in the 'poor' category. In terms of Industrial BIDs performance levels were slightly higher with 7 BIDs or 46.7% stating performance was 'very good', 4 BIDs or 26.7% said performance was 'good' and 4 BIDs or 26.7% stated performance was 'average'. Figure 4.15 illustrates that despite both BID types being broadly satisfied with their baseline agreement performance there is still some room for improvement with 33% of City/Town Centre BIDs and a corresponding 27% of Industrial BIDs looking for improvement from 'average' and 'poor' performance levels. Given that these baseline agreements are set up at the start of a BID it is essential that performance is regularly monitored, ideally annually, and any necessary improvements put in place to ensure that those BIDs indicating poor performance can eliminate any such performance difficulties. Further analysis is needed over a longer timeframe to determine if any trends are emerging relating to BID maturity and the performance expectations of the baseline agreement.

Figure 4.15 Comparison of Baseline Performance 2010/11



4.14 Key Findings

- 55 out of 66 City/Town Centre BIDs and 8 out of 16 Industrial BIDs attracted an additional income over and above the BID levy totalling £7.9m for the financial year 2010/11. City/Town Centre BIDs accounted for £7.4m a 16.6% decrease from 2009/10, while Industrial BIDs demonstrated greater resilience to the economic downturn returning £483k or a 14.4% increase from last year. However, it should be noted that the true impact of these differences is all the more significant given the increased number of BIDs responding to the 2010/11 survey potentially making the income levels more cause for concern than at first impression.
- 12 out of 66 (18.2%) City/Town Centre BIDs and 8 out of 16 (50%) Industrial BIDs failed to attract additional income for 2010/11. This totalled 24.4% of the sample compared to just 15% of last year's sample. Furthermore only 8 BIDs showed an increase in additional income compared to last year. This shows that sourcing additional income is becoming more difficult with further contraction possible in the future.
- At an individual BID level the highest income generating BIDs were, the New West End Company (£1.4M), Lincoln BIG (£755k), Liverpool City Central (£461k), Plymouth (£411k) and Coventry (£271k). These BIDs accounted for 44.5% of the total additional BID income compared to 50% last year. Furthermore, 8 of the 10 highest additional income generators were renewed BIDs demonstrating that income generation potential increases with BID maturity.
- Local Government (£2.3M) and Property Owners (circa £1.8M) were the two main sources of additional income generation across the City/Town Centre BIDs accounting for a combined 55.2% of all income receivable over and above the BID levy.
- Ratio analysis of additional income relative to the BID levy income across City/Town Centre BIDs (54 BIDs) equated to 1:0.35, meaning that for every £1 of BID levy a further 35 pence was generated in direct additional income, a slight drop from the 1:0.39 achieved last year. This shows that despite the recession the BIDs model is creating a positive multiplier effect and increasing the value of BID areas.
- A total of 4 BIDs (7% of the sample) generated additional income in excess of their respective levies while a further 9 BIDs (34.5% of the sample) showed an improvement in their BID income ratio from last year. At an individual level the top ratio was achieved by Lincoln (1:2.16).
- It is estimated that the current BID population (112 BIDs) has the capacity to generate income of circa £69.1M compared to £65.5M last year (102 BIDs) based on a cumulative mean levy/ additional income across the sample population.
- City/Town Centre BIDs have helped to attract circa £38.8M in additional investment in the financial year 2010/11 across a total of 35 BIDs. Heart of London Business Alliance (£20.9M) accounted for over half (53.8%) of this investment generation.
- There was still considerable disparity between the investment levels of renewed and advanced 1st term BIDs with the advanced 1st term BIDs of Alloa, Angel AIM and Croydon generating £5.6M of investment compared to £26M for the renewed BIDs of Heart of London Business Alliance, Birmingham Broad Street and Waterloo Quarter. However, in the absence of the Heart of London investment there was much less of a gap between the two, suggesting BID age proves less of a barrier for investment generation than income generation.
- The significant investment project facilitated by Heart of London Business Alliance (public realm) is closely aligned to the BID ethos and therefore the BID played a key catalytic role in leveraging private sector confidence and investment.
- Some key investment areas are still evolving in investment terms because they are being directly delivered by the BIDs model in particular CSR, Collective Purchasing and Environmental and Carbon Reduction. This confirms the potential for BIDs to respond to the decentralisation agenda and to drive key policy areas forward.
- A combined income-investment ratio for 2010/11 across a total of 35 BIDs of 1:1.07 was returned; meaning that for every £1 of BID income generated a further £1.07 was levered in additional indirect investment.
- A total of 9 (25.7%) of the 35 BIDs demonstrated investment leverage of greater than 1:1, with the Heart of London BID leading the way with an impressive income-investment ratio of 1:22.62.
- 21 out of 66 City/Town Centre BIDs experienced a negative impact from reduction/termination of public services with cleansing services, park services and policing experiencing the greatest change.
- A total of 34 services were taken on by individual BIDs compared to 17 services in 2009/10. It is anticipated that this will increase further in the future in response to the decentralisation agenda, the squeeze on local government finances and increasing BID confidence in service delivery.



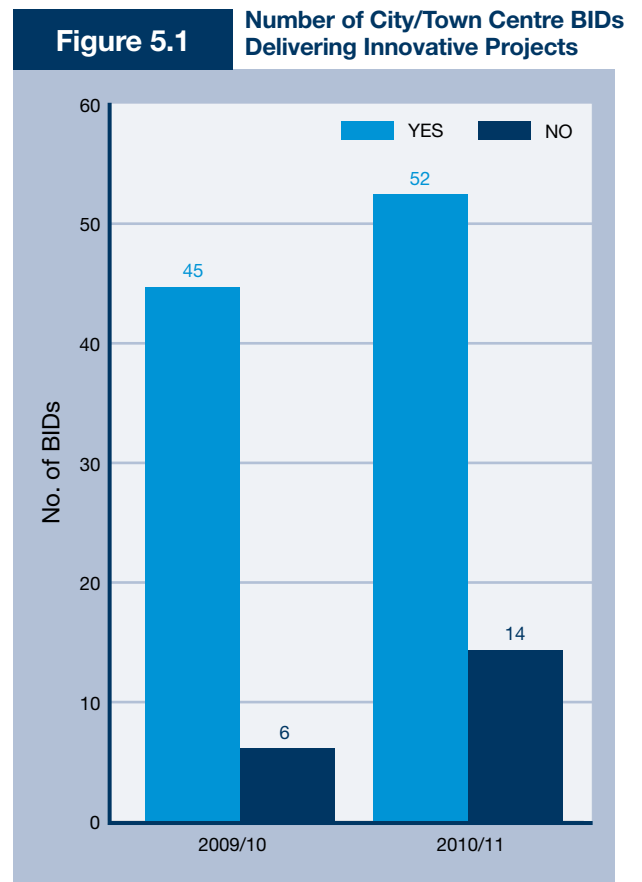
In order to respond to the principle of additionality it is essential that BIDs continue to demonstrate ways in which they are being innovative and novel in the delivery of their projects and services. The harnessing of this innovation and learning from best practice is even more important given the current economic downturn and the still somewhat unknown impact of the new Localism Bill. In this regard this section considers the response by BIDs to delivering different types of innovative projects as well as the actions taken by BIDs to commercialise supplies and services through cost savings and measures to address recessionary pressures.

5.1 Project Innovation and Delivery

The Nationwide BID survey 2010/11 results demonstrate that overall the majority of BIDs have adopted new programmes of innovation and modes of delivery within the past year, with 79% of respondents confirming that they had introduced innovative initiatives into their management structure in 2010/11. However, as evidenced in Figure 5.1, the percentage of respondents delivering innovative projects has dropped from a high of 86% in the 2009/10 survey, illustrating that the recession continues to have an impact on the delivery of innovation with many BIDs facing the economic reality of reduced incomes. Last year's report covering the year 2009/10 highlighted that BIDs must take the lead in promoting and implementing key aspects of the new vision for Town Centres, in particular the raising of additional finance to address local problems. This challenge is put into even more focus this year with the introduction of the new Localism Bill and the greater power which will be decentralised to local areas. However, as Figure 5.1 shows, continued rising costs, falling sales, squeezed margins and the loss of retail profits have still affected the ability of all BIDs to implement innovation within BID service delivery.

Figure 5.2 identifies the key innovation areas which the 66 City/Town Centre BIDs are adopting with the income streams of these BIDs being spread across the full range of innovative activities. Marketing and Events (59.1%) and Crime Prevention (56.1%) remain the most popular project types building upon their solid performance last year. Marketing and Events has again been viewed for its potential to help increase pedestrian footfall and support tourism related activities, both of which can help retail sales. Similarly, a reduction in crime within a BID area can also have a catalytic impact in terms of enticing pedestrian foot flow and enhancing buying potential. Four project innovation areas are clustered together with similar implementation rates, notably Public Realm Enhancement (36.4%), Transport (31.8%), Environmental and Carbon Reduction (33.3%) and Cleaning (33.3%). All these project types are increasing in popularity year on year and will continue to do so as a result of the visual improvements that they can bring to a BID area.

Collective purchasing (25.8%) has built upon last year's 22%, showing that this area is becoming increasingly important especially given continued cost saving efficiencies as more BIDs see the potential to save money and benefit from their collaborative working arrangements. CSR remains in its infancy commanding just 18.2% of the participating BIDs, but this is likely to grow in the future as new BID areas start to recognise the CSR overlaps with some of their current activities and thereby begin to show that they are already engaged in this area. It is evident that City/Town Centre BIDs are not targeting just one single innovation theme, but rather are looking to a diverse range of projects as the best way to spend their income streams. This

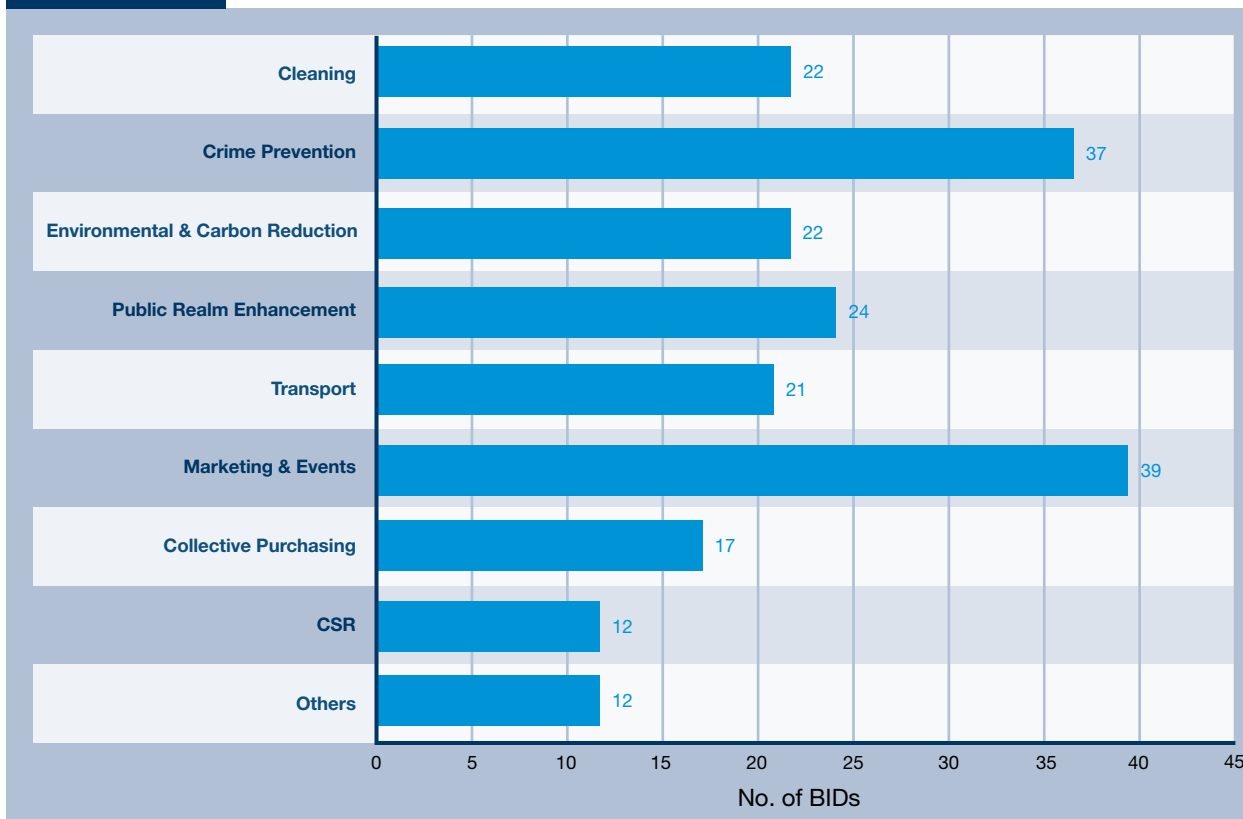


strategy should see positive impacts across a range of issues rather than just presenting solutions to one problem area.

In terms of the individual innovation projects that have been implemented at City/Town Centre BID level it is possible to see some recurring themes emerge. For example in the cleaning innovation area there have been a number of BIDs attempting to combat the problem of chewing gum with Coventry, Croydon, Falkirk, Hammersmith London, Worthing and Dorchester all implementing some form of chewing gum campaign, the latter of which have also sought involvement of local children. Some BIDs (in Swindon, Liverpool City Central, Oldham and Plymouth) have also employed additional road cleaners, caretakers or barrow walkers to deal with excessive littering. Meanwhile, some BIDs have implemented various initiatives to kick start their cleaning campaigns with Coventry implementing a Spring Clean Initiative, Kingston First implementing a Tidy Business Scheme and Nottingham Leisure BID implementing a Pride of Place Community Cleaning Project.

Crime prevention projects have been put into stark focus given the recent civil unrest which occurred in a number of major UK cities. A number of schemes that have been implemented by BIDs have helped to lessen the impact of this unrest and help the Police to reprehend the culprits. Some of the common crime prevention projects occurring across a number of BIDs include schemes such as pubwatch, shopwatch, taxi marshals and the widespread use of digital radio links for wardens or street pastors on patrol. Some other innovative projects that have been instigated by specific BIDs includes Daventry and Kingston First helping their urban areas to gain accreditation to purple flag status to illustrate excellence in town centre management at

Figure 5.2 City Centre BIDs Innovative Projects



night; Falkirk and Heart of London Business Alliance have deployed street ambassadors to act as a visible street presence from early morning to late at night; Croydon has established a 'talkeoke' youth engagement outreach enabling young people to talk to the police and raise concerns that they have in their area; Hammersmith London piloted an ATM safe zone project with artwork delineating the personal space of customers to help reduce theft; Victoria BID has conducted a crime and design audit while Heart of London Business Alliance drafted a night time economy strategy to put policy measures in place to reduce crime.

Environmental and carbon reduction projects have tended to focus around waste management and in particular the recycling of paper and cardboard via either a free service or a heavily subsidised service. Some BIDs have conducted more in-depth audits such as the carbon audit conducted by Camden Town Unlimited or the green infrastructure audit carried out by Victoria to identify potential buildings suitable for green roofs. Kings Heath Centre Partnership instigated a 9 Carrots programme which offers the "carrot" of free promotion and additional customers in return for businesses making energy-efficiency improvements. Inmidtown (Holborn) signed up to a 'zero to landfill' initiative while Waterloo Quarter piloted a food waste collection project. This area is slowly starting to grow and move to projects beyond waste management, with further expansion anticipated to respond to the Government's climate change policy agenda.

A number of the public realm enhancements have focused on improving signage, street furniture and introducing more planting with a number of BIDs strengthening these areas.

Some BIDs have also carried out strategic projects such as Daventry who conducted a way-finding appraisal of their city centre or Waterloo Quarter who participated in a Prince's Foundation for the Built Environment spatial study of the Waterloo area; both projects were then used to define in-house policy. Other projects included Worcester working closely with the Probation Trust Community Payback scheme to get street furniture painted and rubbish removed; Plymouth creating a jigsaw garden for young people; Heart of London Business Alliance undertaking two major infrastructure projects at Leicester Square and Piccadilly Circus; Croydon conducting a vacant unit initiative to attempt to encourage uptake of vacant units through introducing new vinyl floor coverings; and Better Bankside introducing a new Urban Forest.

In terms of Transport the most common project types have focused on introducing funded or free bus services or bus passes, free/discounted car-parking and secured bicycle parking. Other interesting projects have included Ealing and Team London Bridge pioneering bike doctors to carry out health checks on cycling equipment; Colmore Business District co-ordinating a partnership with other local authorities and the transport provider to deliver sustainable travel options and information; Kings Heath Centre Partnership conducting a survey on car-parking space provision for shoppers and visitors; and Retail Birmingham have come together with the local council and other Birmingham based BIDs to develop a 'Vision for Movement' strategy focusing on establishing better connectivity, walkability and efficiency of movement in the Greater Birmingham area and its main gateways.

Marketing and Events continued to be one of the most significant innovation areas with numerous BIDs focusing on implementing festivals and markets, developing voucher and discount schemes, and local area promotions/branding. Some BIDs including Colmore Business District, Kingston First and Totally Truro have placed an emphasis on art in the city or public exhibitions, while Essential Edinburgh and inSwindon helped facilitate some outdoor cinema or Big Screen events. A number of BIDs have focused on fun events for kids with Pancake Day events, Guinness world records, light events, Easter Bunny hops and chocolate weekends all developed to help attract families into BID areas to help boost retail trade.

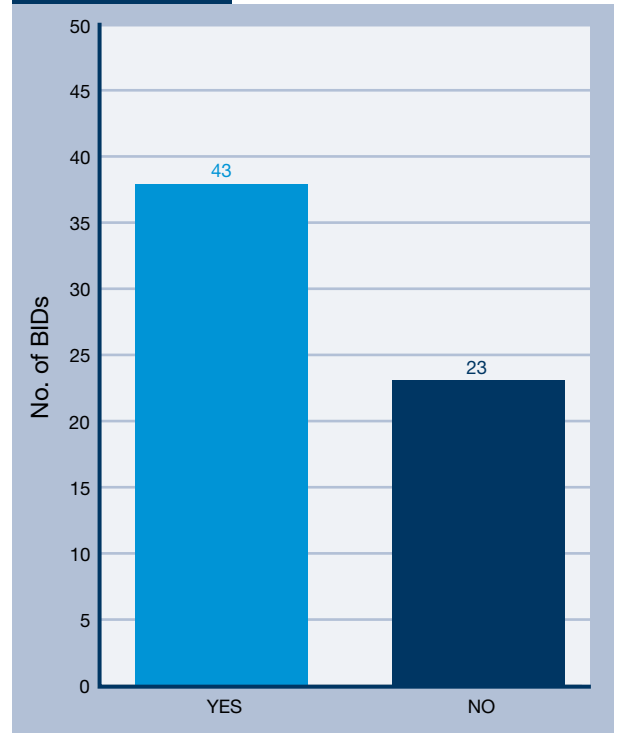
Innovative projects relating to Collective Purchasing are on the increase with a number of BIDs now looking at joint procurement initiatives including Bayswater, Camden Town Unlimited, Coventry, Ealing, Falkirk, Ilford and Kings Heath Centre Partnership. A number of these joint procurement initiatives focused on more than one area including recycling, telecoms, pest control, insurance, utilities, and cleaning. Some specific projects have included Dorchester negotiating discounts for bulk advertising with local press; Beeston setting up their own buying group within the BID area; Totally Truro developing test cases with a low carbon organisation to help procure cheaper and greener electricity; and Better Bankside piloting two projects in relation to a bicycle freight delivery service for local businesses and a carbon neutral taxi service offering cheaper rates.

Increasingly, BIDs are recognising their role at the heart of communities in providing that point of engagement as evident through the recent civil unrest in London. This manifested itself in the form of a 'Community High Street' where the BIDs were central to the local community efforts to defend local businesses against rioters and looters. Furthermore, there is evidence that the fledgling CSR innovation area is starting to take root with a few notable projects being initiated including the EmploySE1 initiative launched by Better Bankside, Team London Bridge and Waterloo together with Southwark Council to help their member businesses recruit unemployed Southwark residents; Paddington BID getting local hotels to donate lost property and unused toiletries to local homeless charities; Angel BID engaging with the hospitality sector to teach young disabled children to cook; Victoria BID implementing a 'Seeing is Believing' volunteer project to help local charities; and Waterloo Quarter establishing a packed lunch project to help improve mental health in the workplace through lunchtime activities.

Other innovative projects highlighted in the 2010/11 survey have included Beeston introducing retail training linked to the Mary Portas guide to successful retailing; Camden Town Unlimited offering support for business start-ups; Dorchester providing subsidized training on social media tools for business; inmidtown setting up an urban bee keeping initiative; and a number of BIDs, including Hinckley, Kings Heath Centre Partnership and Stratfordward, looking towards loyalty schemes and discount vouchers.

Figure 5.3

Commercialisation of City/Town Centre BID Services/Supplies



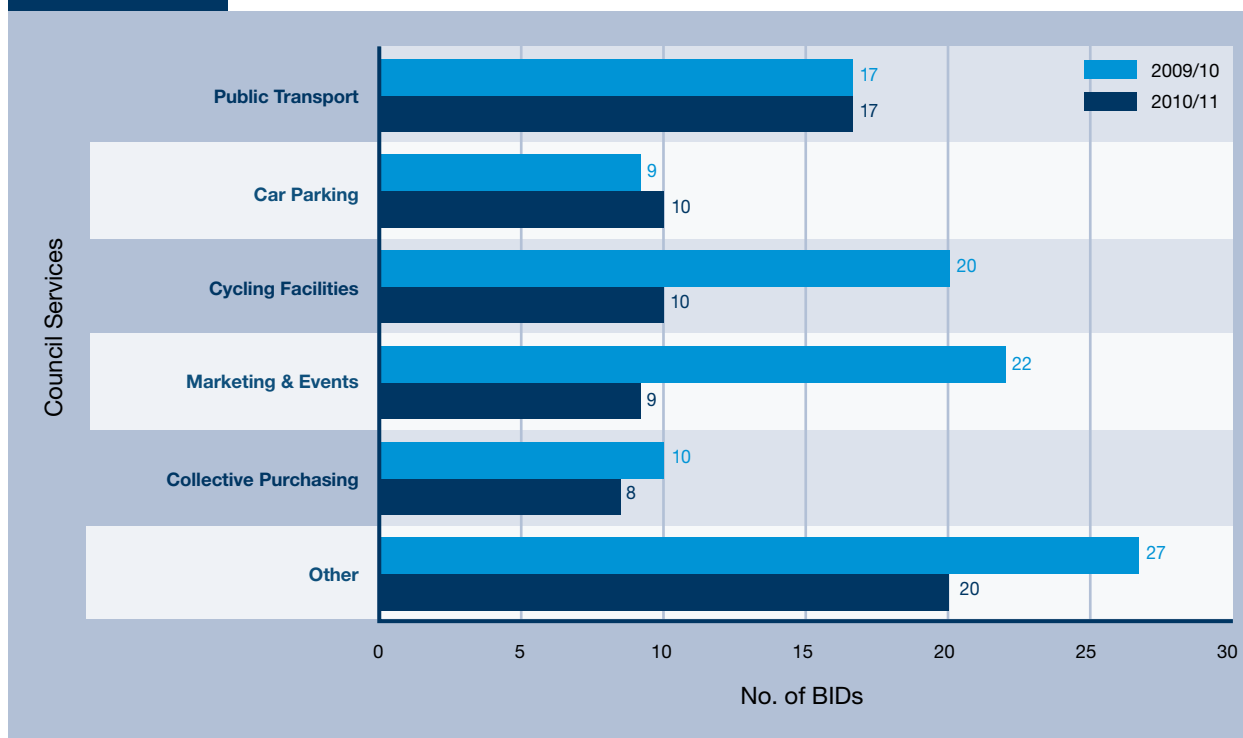
5.2 Commercialisation of BID Supplies and Services

Commercialisation of BID supplies and services is still an essential goal of BIDs to demonstrate cost savings to levy payers and move BID operations towards making the levy cost-neutral. Figure 5.3 suggests a mixed response with 43 of the 66 City/Town Centre BIDs (65.2%) indicating that they had taken action to reduce costs to levy payers through commercialisation, representing an increase from last year's figure of 26 BIDs or 52%. However, there remain 23 BIDs or 34.8% of respondents that have not yet adopted significant steps towards making levy costs neutral compared to 48% last year. This shows that while some additional commercialisation of services and supplies has occurred this year there is a need for continued action to help move the remaining BIDs towards cost neutral operations and thereby gain further cost efficiency benefits to BID levy payers.

Figure 5.4 outlines the commercialisation areas that City/Town Centre BIDs have focused on with a total of 105 projects implemented this year compared to 74 last year. Waste management and recycling (27 BIDs or 40.9%) again led the way in terms of commercialised BID projects, followed closely by Energy costs (22 BIDs or 33.3%) and Marketing (20 BIDs or 30.3%). This corresponds with the innovation projects highlighted earlier in this chapter and shows that waste management, energy and marketing remain the quick win services which can be commercialised and made more cost efficient. Office Overheads (10 BIDs or 15.2%) and Insurance (9 BIDs or 13.6%) are beginning to be investigated but both remain in their infancy, although insurance in particular has had a number of BIDs expressing an interest in this area and therefore it is anticipated that projects of this type will grow significantly in the future. The Other actions (17 BIDs or 25.7%) have remained static from last year.

Figure 5.4

Commercialisation of Areas of City/Town Centre BID Supplies/Services



Some of the notable commercialisation activities mentioned by individual BIDs included the shared marketing of festivals with partners (Croydon); commercialisation of telephone/broadband services, vehicles, radio services, fuel cards, tax and accountancy (Coventry BID); joint promotional and advertising, customer service mystery shopper programmes and town gift cards (Dundalk BID); an updateable web page for BID payers (Great Yarmouth BID); and Torquay BID negotiating discounts on behalf of levy payers for energy providers, Christmas lights/installation, web presence and waste management and recycling.

There is evidence to suggest that some BIDs are more advanced in their commercialisation activities with the likes of HammersmithLondon seeing the benefits of previous waste management and recycling initiatives reporting that 40% of BID levy payers now recycle and 50% of these break even on the BID levy. HammersmithLondon have also seen further benefits accrued from various campaigns such as shop local, dine local and a privilege card offering much needed support to the local BID businesses. Similar benefits have been reported by Totally Truro who worked closely with a local organisation to help procure cheaper electricity, with initial test cases showing savings of up to 50%. Totally Truro is also investigating a discounted car-parking scheme for local businesses, disposal of trade waste and collective insurance.

Another example of advanced commercialisation activity comes from Waterloo Quarter who have partnered with a utilities switching company based in the BID area to offer local businesses a dedicated phone line to change utilities supplier to cheaper deals. The BID is then paid a contribution for each member that uses the service to spend in the local area. Waterloo Quarter have also been involved in a 'Buy Green' project which used ERDF funding to analyse food packaging waste with consultants in the process of analysing the types of local food packaging that retail outlets use to assess the scope of switching to a green alternative. The project will be put out to procurement specialists to tender and negotiate the deals with suppliers.

The survey evidence points to a gradual increase in the commercialisation activities across the BID population. More innovation is evident with a number of established BIDs starting to reap the benefits of their early pioneering activities. The continued recessionary environment has necessitated the BIDs to become more innovative in their allocation of BID levy funds and hence has helped stimulate a demand for commercialisation activities. BID viability in some cases has improved despite the economic downturn and this in part is as a result of these cost saving practices being instigated. Expansion of these activities, particularly in the insurance and office overheads/supplies areas, will create further bottom-line savings for businesses and enable these areas to catch up with the success stories highlighted within waste management/recycling and energy and utilities.

5.3 Key Findings

- The importance of innovative projects continues to grow given the current economic downturn, the unknown impact of the forthcoming Localism Bill and continued decentralisation of service provision.
- 79% of City/Town Centre BIDs have now introduced some form of innovation project, although this represents a slight downturn from a high of 86% last year, showing that the level of innovation has dropped alongside the additional income streams of many BIDs.
- The ability of BIDs to implement innovation in BID service delivery has continued to be hampered by rising costs, falling sales, squeezed margins and the reduction in retail profits.
- There is clear evidence to suggest that despite falling additional income levels BIDs are no longer focusing on just one innovation theme, but rather seeking to diversify their innovation projects across a number of areas.
- Marketing and Events (59.1%) and Crime Prevention (56.1%) remain the most common innovation project types due to their links to attracting more customers and removing any negative safety perceptions.
- Collective purchasing is slowly demonstrating more innovation as evidenced not only by the innovation projects discussed in the survey but also by the commercialisation activities.
- Cleaning innovation projects are dominated by combating chewing gum problems, employing additional cleaners to deal with excessive littering and evidence from some BIDs of the introduction of various cleaning focused campaigns.
- The recent civil unrest enabled BIDs to provide an essential co-ordination point for businesses to refer to and offer critical advice, guidance and support to help businesses both large and small get back into operation.
- In terms of crime prevention measures the use of digital radio links, street wardens and additional CCTV surveillance have all proved beneficial to BID areas. As has the collaborative working to help tackle drug and juvenile related crime.
- Commendation is also due for the further outreach into the community activities to help reduce crime that have been undertaken by some BIDs while others have drafted crime and design audits or developed a night time economy strategy.
- Common public realm enhancement projects have included signage improvements, additional street furniture and more planting. However some BIDs have actively sought innovative partnerships with the likes of the Probation Trust and the Prince's Foundation for the Built Environment to implement projects of lasting value.
- In terms of transport projects the introduction of funded/free bus services, discounted car parking and secured bicycle parking were prevalent across a number of BIDs. However, the collaborative impact of the partnership developed by the Birmingham BIDs alongside the City Council to develop a collective transport strategy demonstrates the positive wider impact of the BID process.
- Marketing and events continued to provide the catalyst to increased footfall and boost ailing sales. This was primarily achieved through festivals/markets, voucher and discount schemes and local area promotions and branding. There was also evidence of a clear focus on fun events for all the family across many BIDs.
- A number of BIDs are now implementing joint procurement initiatives across different areas including recycling, telecoms, pest control, insurance, utilities and cleaning.
- CSR innovation projects continue to be small in number but are beginning to have greater impacts, notably projects involving local employability initiatives and volunteer based projects with local charities.
- Commercialisation activities have increased from 53% of City/Town Centre BIDs (26 BIDs) in 2009/10 to 65.2% (43 BIDs) in 2010/11. It is somewhat surprising that this figure was not higher given the continued economic downturn which makes cost savings/efficiency gains even more essential.
- In total 105 commercialisation projects were implemented in 2010/11 compared to just 74 last year, with waste management (41%), followed by energy costs (33%) and marketing (30%) leading the way.
- Office overheads and supplies (15%) and insurance (14%) still have a relatively low uptake but this year a number of BIDs mentioned investigating the insurance area but have not implemented the project showing this area is likely to grow.
- There is evidence of some BIDs becoming more advanced in their commercialisation activities and reaping the benefits of initiatives put in place.
- Hammersmith London witnessed success in commercialising waste management activities, whereas Tottery Truro and Waterloo Quarter have both benefited from cheaper electricity as a result of innovative service provider partnerships.

Central Government policies in 2011 are primarily dominated by priorities to reduce the financial deficit, curb public sector spending, facilitate economic growth, stimulate inward investment, promote job creation and reform the provision of public services. Government policy is therefore focusing on the decentralisation of powers to local communities to create greater efficiencies, reduce bureaucracy, and encourage greater local authority empowerment and business engagement. Across the UK various legislative/policy initiatives are being considered or implemented such as the Localism Bill 2010 and the establishment of Local Enterprise Partnerships in England including the Parliamentary Enquiry into Localism in Decentralisation with a focus on place, services and budgeting, the Town Centre Regeneration Fund in Scotland ; the Future of Town Centres in Wales and the Northern Ireland Assembly proposal to take forward legislation giving greater powers to businesses to improve town centres.

An example of the decentralisation agenda is the Localism Bill which was introduced to Parliament on 13th December 2010 and was heralded as a radical shift in power from central government back into the hands of individuals, communities and councils. The Bill is progressing through Parliament with it due to be reported upon at the House of Lords before the 3rd reading in both the House of Commons and House of Lords and consideration of any amendments prior to Royal Assent. Central to the ethos of the Bill is the notion that central government has undermined local democracy and thereby stifled any innovation or enterprise within public services. In order to address this, the Coalition Government has championed the 'Big Society' ideal with power now being decentralised as much as possible.

There are 6 key actions listed in the Bill that are central to realising the shift to 'localism', these include –

1. *Lift the burden of bureaucracy* – including any unnecessary red tape which restricts local action;
2. *Empower communities to do things their way* – helping to get people involved in the direct development of their communities;
3. *Increase local control of public finance* – enabling decisions over how public money is spent and raised to be taken within communities;
4. *Diversify the supply of public services* – ending public sector monopolies and giving people more choice and better standards of service;
5. *Open up Government to public scrutiny* – releasing government information into the public domain to ensure transparency;
6. *Strengthen accountability to local people* – giving every citizen the power to change the services provided through participation and local referendums.

This Bill and the decentralisation agenda will have potentially large impacts on BIDs with on one hand it providing greater opportunities in terms of responding to localised needs but on the other hand potentially threaten development opportunities by competing Neighbourhood Forum priorities and vetoing of business opportunities through referendum by local minorities with differing agendas. However, the local retention of business rate uplift advocated under the Local Government Spending Review should be beneficial to BIDs where this wealth generation is redistributed within local business areas. There is also the further unknown impact of locally elected mayors under the Localism Bill and how this could affect the power dynamics and business opportunities of BIDs.

However, despite some of these unknowns, at a recent British BIDs Leadership Network dialogue which focused on the impact of localism/decentralisation on BIDs, clear support was garnered for the localism agenda and a collective thought established that BIDs are 'localism in action'. There was also the feeling that BIDs are capable of leading localism locally and can perform a co-ordinating role for managing change. Furthermore, the Localism Bill heralds new opportunities for BIDs to act as localism catalysts and become central to its delivery as well as being capable of responding to and influencing new government funding streams such as Tax Incremental Finance (TIF) and the retention of local business rate uplift. These issues and opportunities will become more apparent when the Localism Bill gets enforced and local authorities start to benefit from keeping a share of the growth in business rates in their area. Likewise, the awareness of the role that BIDs can play in facilitating and co-ordinating localism through its operations and further development will increase over the next few months as indicated in the later analysis sections.

It is interesting to note that in general the Localism Bill and decentralisation agenda have been well received by some of the key property and planning related bodies including the Royal Town Planning Institute (RTPI), the Royal Institution of Chartered Surveyors (RICS), the British Retail Consortium (BRC) and the British Property Federation (BPF). All are in broad agreement that local level decision-making is in the best interests of any local area and that getting communities onside with development opportunities should and is already happening in many areas. They also concur that, as this is essentially a piece of enabling legislation, it therefore lacks detail in terms of how some of these objectives would be implemented in practice. Likewise, the assumption that it will lead to more economic development given removal of centralised bureaucracy is not necessarily the reality especially where local opposition is faced and now given more power to veto development opportunities. Furthermore, there are some calls for a clear vision and greater communication with the local communities, local authorities and the planning sector on the localism bill measures with associated guidance needed to ease the transition period.

13 Government Spending Review, Treasury 2010

14 Department of Communities and Local Government, Local Government Resource Review: Proposals for Business Rates Retention, Consultation, London, July 2011

15 Department of Communities and Local Government, www.communities.gov.uk

16 DCLG Commons Select Committee Localism Enquiry, October 2010, www.parliament.uk

17 The Scottish Government, Town Centre Regeneration Fund, <http://www.scotland.gov.uk>

18 Planning for Retail and Town Centres, Welsh Assembly, July 2010, www.cymru.gov.uk

19 Committee for Social Development, Inquiry into Town Centre Regeneration, Northern Ireland Assembly

Figure 6.1

Formal Consideration of the Localism Bill within English BIDs

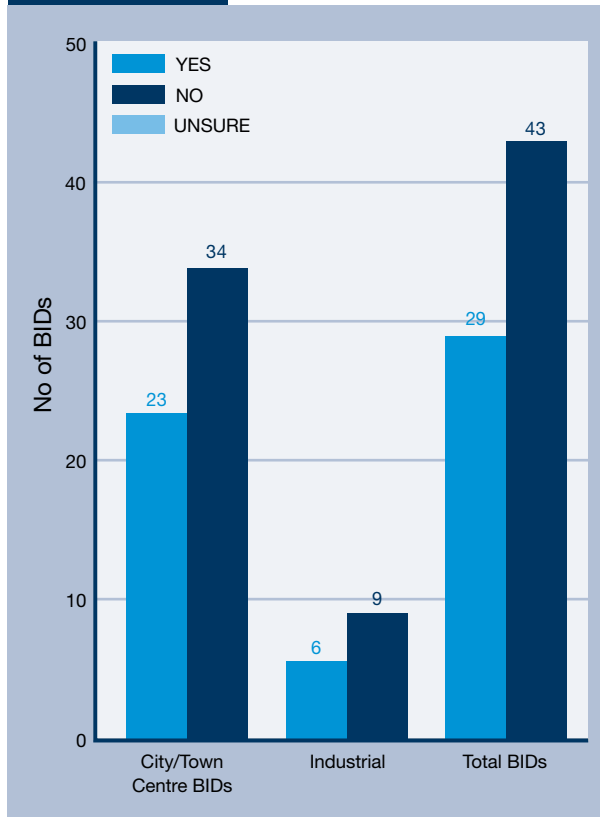
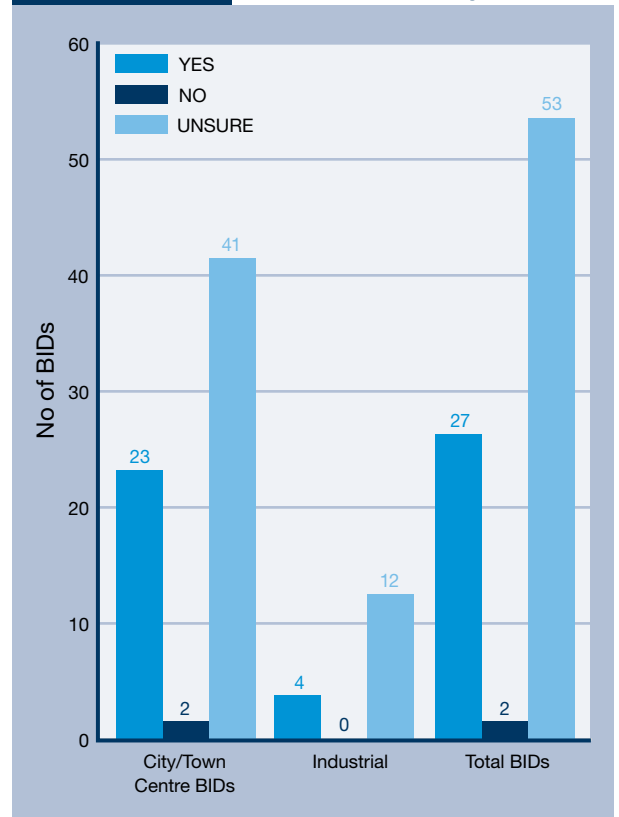


Figure 6.2

Extent to which Localism Bill is in the Best Interests of the Business Community



6.1 Localism Bill and BID Areas

Figure 6.1 shows that a number of English²⁰ BID areas are already considering the impact of the Localism Bill on their area. This represents 23 (41.1%) of the City/Town Centre BIDs and a further 6 (37.5%) of the Industrial BIDs. These numbers are cause for optimism given the timing of the survey which pre-dated some of the detail on the localism agenda and this therefore shows that BIDs continue to be at the forefront of understanding the policy implications of issues such as localism. It is also encouraging to view these figures as further evidence of the innovation and enterprising spirit taken by a number of BIDs in seeking out potential benefits to be had or indeed identifying potential threats early so as to be prepared for any future opportunities that become available to them. However, there is a need for BIDs to remain proactive in realising the key role that they can play in facilitating localism and step forward to become a key conduit for delivering not only local services efficiently but also in engaging with the local community and responding to new government funding mechanisms. It is anticipated that when the Bill attains Royal Assent that the corresponding number of BIDs considering its impact will grow accordingly.

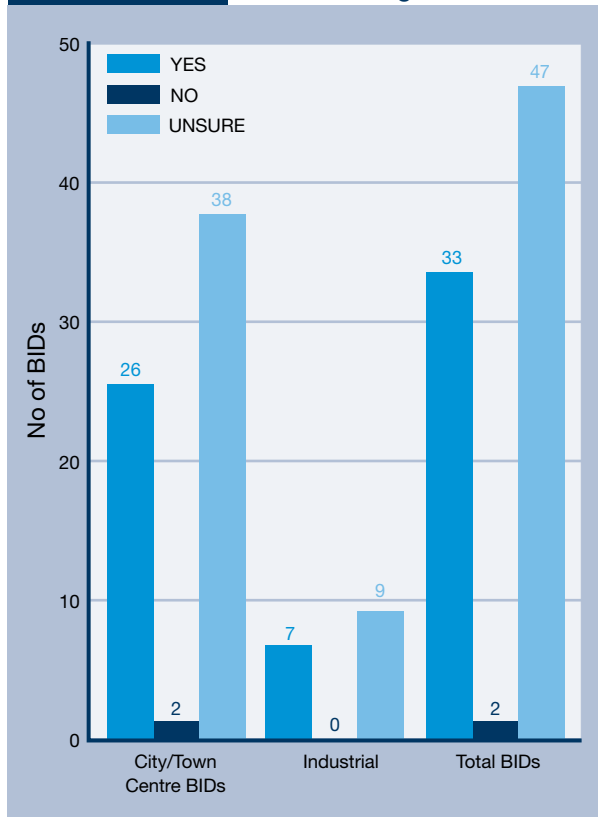
There has been criticism in some quarters that the new Localism Bill and the National Planning Policy Framework, which whilst having formal recognition for the business community, still lacks clarity with regards to the role businesses will play and how the new Neighbourhood Forums or Neighbourhood Plans will take into account business interests within their constitution. When the BIDs sample were asked the extent to which the Localism Bill was in the best interests of the business community, it is clear

from Figure 6.2 that the majority of respondents were undecided with 41 (62.1%) of City/Town Centre BIDs and a further 12 (75%) of Industrial BIDs stating they were unsure in their response. This could be taken to mean they have not really considered this question before or that they are undecided in terms of the impact the Bill will have on local business interests and hence are postponing judgement until the position becomes clearer. Interestingly, only 2 BIDs in the complete survey or (2.4%) indicated that the Bill wasn't in the best interests of the business community, with a further 27 BIDs (32.9%) feeling it was supportive of local business needs. It remains to be seen which grouping is the more accurate one, but it is clear that a number of issues need to be addressed before the full backing of the business community will be received. One BID, Better Bankside, has however actively embraced the concept and put itself forward to be one of the business neighbourhood vanguards.

A further key objective of the new Localism Bill is the opportunity to create local neighbourhood plans that reflect the priorities of local communities. This could provide BIDs with the opportunity to drive neighbourhood plans as they are central to the neighbourhood planning process and have the capabilities of delivering and engaging with the localism agenda. However, despite this clear opportunity for BIDs, Figure 6.3 shows there is still divided opinion amongst BID respondents as to whether BIDs have potential to contribute to these neighbourhood level plans, with only a total of 33 (40.2%) supporting this potential. Again the majority (47 or 57.3%) were undecided on this role and how much BIDs could ultimately contribute. This is undoubtedly

Figure 6.3

BID Potential to Foster Neighbourhood Spirit and Help Formulate Neighbourhood Plans



a position that will have to change in the future as it essential that BIDs play an active role in the formulation of any neighbourhood plans to ensure that business interests are being represented and that the best opportunities for future economic growth are being realised.

The Town Centre and Business Community have been vocal in stating that the new Localism Bill requires a new statutory duty to promote a sustainable High Street and thereby ensure that the National Planning Framework retains a robust Town Centre First (TCF) policy. However, amongst those who responded within the BID community there are some doubts on the value of the TCF policy with just 32 (48.5%) City/Town Centre BIDs in agreement and the remaining 34 BIDs (51.5%) displaying more scepticism on the true benefits of this policy given previous poor application of the sequential test resulting in a dilution of its impacts. This scepticism is likely to reflect reservations on the effectiveness of current planning policies given the volume of out-of-town retail that has been passed during the lifespan of the TCF policy and therefore a need for firmer guidance than that which is currently proposed on the protection of the High Street. Across the Industrial BIDs, as one might expect, there was limited agreement on the retention of this policy with only 1 BID (6.3%) advocating its retention, with the overwhelming majority 14 (87.4%) unsure on whether to retain it or not and a further 1 BID (6.3%) against the policy.

Figure 6.4 shows the extent to which the City/Town Centre BIDs currently engage in some of the Localism Bill activities, with a

number of BIDs indicating their involvement in these activities. Some of the key areas that received favourable responses included 52 BIDs (78.8%) currently involved in Retail Business Crime Partnerships, 47 BIDs (71.2%) involved in High Level Engagement with their Local Authorities, 45 BIDs (68.2%) involved in Community Safety Partnerships and 43 BIDs (65.2%) indicating they contributed to the consultation process on Planning Applications impacting on the BID area or local neighbourhood planning forums. Of further note was the high number of 50 BIDs (75.8%) registering no Resident representation on the BID board and a further 38 BIDs (57.6%) with no links to Sub-national or Local Enterprise Partnerships. To some extent the lack of involvement in the latter category reflects the removal of the regional tier of government and the infancy stages of the LEPs. However, there remains a need for some action to improve the links between the local business community and both residents and local enterprise partnerships due to the increased power being given to the residents in the new Localism Bill and the key role likely to be played by the Local Enterprise Partnerships in helping to set the economic priorities for local areas. Furthermore, there is a necessity to form clear linkages between local policing, neighbourhood plans and the local business community given the BID responsibilities for the delivery of some of these critical local services.

Figure 6.5 shows the contrasting position of Industrial BIDs on their engagement with Localism activities as generally lower than their City/Town Centre counterparts. The highest results were returned for engagement with Community Safety Partnerships (7 BIDs or 43.8%), Local Authority High Level Engagement (6 BIDs or 37.5%) and consultation with Planning Applications impacting on the BID area or local neighbourhood planning forums (6 BIDs or 37.5%). Engagement with Sub-National or Local Enterprise Partnerships (4 BIDs or 25%), Retail Business Crime Partnerships (2 BIDs or 12.5%) and Resident representation on the BID board (16 BIDs or 100%) remained either low or non-existent as in the case of the resident engagement. To some extent this is influenced by the location of some of the Industrial BIDs which may not be close to local communities or in out-of-town locations. However, despite the contrast in performance with the City/Town Centre BIDs it is important to note that Industrial BIDs are showing some signs of engaging in localism activities despite having a lower management resource and significantly lower income funds at their disposal.

Finally, in terms of the Localism agenda the BIDs were asked about any lessons they had learnt in terms of collaborative working to drive economic growth, again a key objective of the Localism Bill. One of the emerging themes included the role of good communication with other businesses and the exchange of ideas as advocated by a number of BIDs including Lancing, Astmoor, Liverpool City Central, KIPPA and Worcester BIDs. On this same theme Swansea succinctly described the key to collaborative working is 'two ears, one mouth – listen more, talk less'. Kirkcaldy, Argall, Hull and Nottingham Leisure BID all pointed to early identification of funding sources, the benefits of partnership arrangements and building relationships with key stakeholders. It is notable that the highest consensus appears to lie in sound urban governance and establishing good communication streams and building relationships central to this governance success. While none of the BIDs explicitly mentioned the benefits of strong leadership in helping to deliver this governance it is clear that the leadership within any collaborative arrangement is central to its long-term success as they have the power to influence the direction of the collaboration and the extent to which it achieves its objectives.

20 The sample size for this question was reduced from 66 to 56 BIDs to reflect only BIDs in England as the Localism Bill currently applies to the English jurisdiction only.

Figure 6.4 City/Town Centre BID Engagement and Influence 2010/11

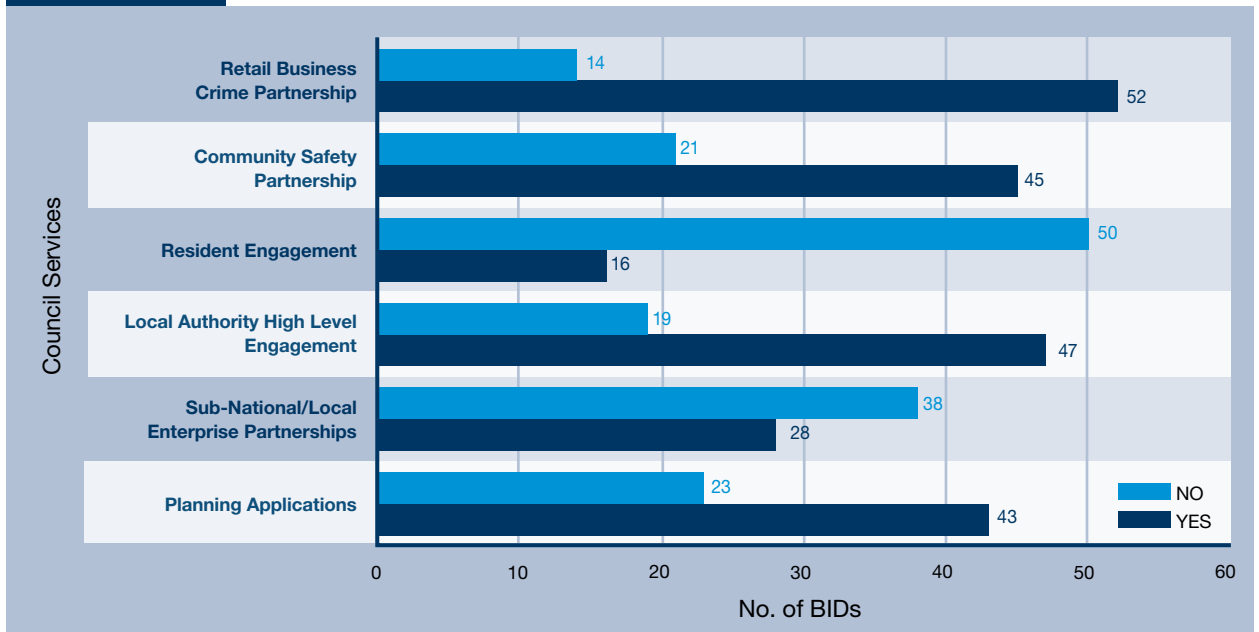
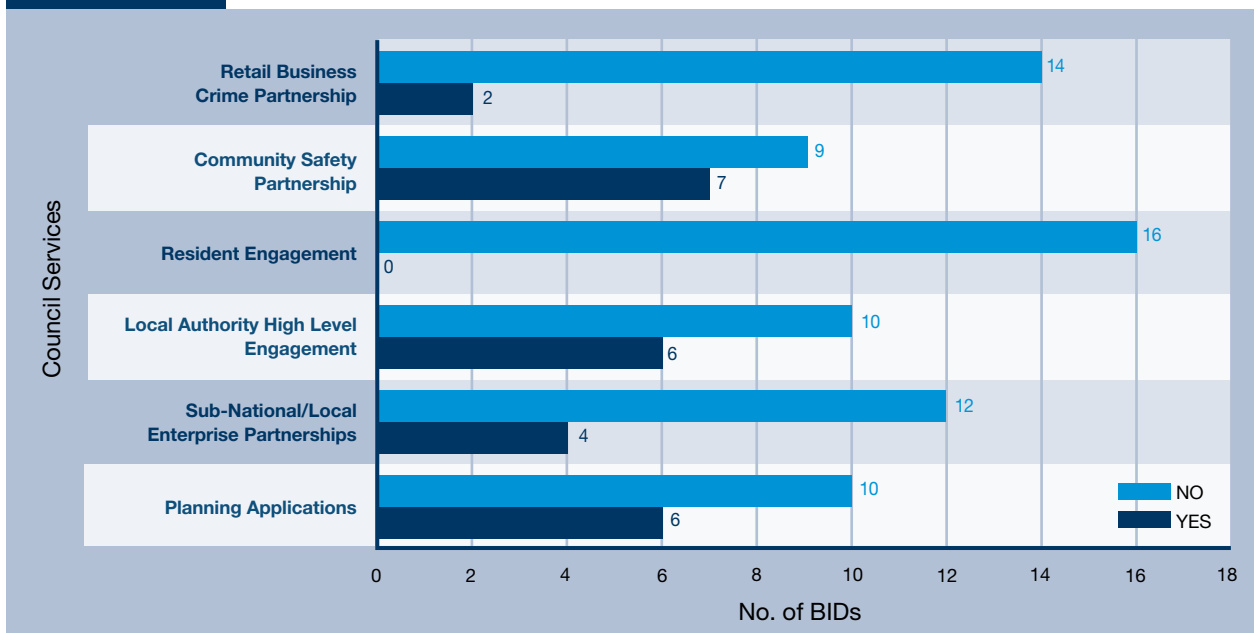


Figure 6.5 Industrial BID Engagement and Influence 2010/11



Furthermore, from a business perspective the Heart of London Business Alliance and Plymouth BIDs indicated the potential to use BIDs to develop further public/private sector business and finance models such as TIFs to help drive economic growth. In a similar vein, Ipswich Central employed an inward investment officer to introduce innovative ways to attract more income streams. Ilford and Retail Birmingham point to the need for a strong collective vision and buy-in from all partners involved in the project. While Birmingham Southside indicate that collaborative working is a “no-brainer” as it reduces costs and improves productivity.

It is clear that while the business model of BIDs can respond to some of the localism challenges, the potential for resident involvement remains mixed, with some BIDs such as inmidtown determined to hold onto their business-led ethos and thereby having limited engagement with residents. Meanwhile, it is important that the BIDs who are benefiting from the resident engagement, such as Better Bankside, publicise these benefits and encourage others to replicate this good practice as future BID models are more likely to gain the support of government by way of funding if they are seen to be engaging across the whole spectrum at a local level.

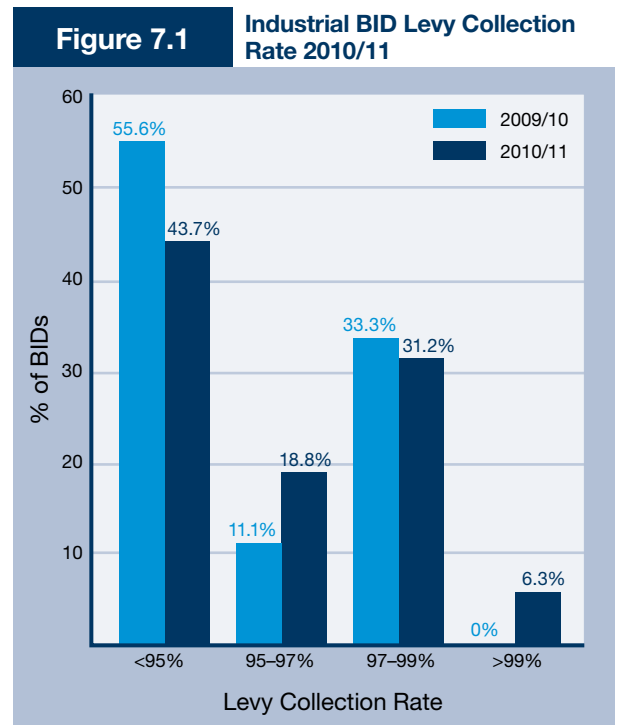
6.2 Key Findings

- The steady progress of the Localism Bill through Parliament makes its content and the implications of decentralisation increasingly important for future BID development across both service delivery and income generation.
- The 6 key actions listed in the Localism Bill will see BIDs having to accept the increasingly powerful role the local community will play in future BID development and how transparency and accountability may take on renewed significance.
- BIDs are perfectly placed to respond to localism as they are designed at the neighbourhood scale, but they could be threatened by business rate changes, competing Neighbourhood Forum priorities and local community veto's of business development plans for the BID area.
- Key property and planning bodies broadly support 'localism' and decentralisation as an initiative with some minor reservations over its implementation in practice, the need for a clear vision and greater communication with the key players and clear guidance to aid transition and ensure that potential regional disparities are minimised.
- 23 (41.1%) of English City/Town Centre BIDs and 6 (37.5%) of Industrial BIDs are already considering the impact of the Localism Bill on their BID area with this number likely to increase substantially next year when the Bill will have become legislation.
- Indecision characterised the extent to which the Localism Bill was in the best interests of the business community with 41 (62.1%) of City/Town Centre BIDs and 12 (75%) of Industrial BIDs responding that they were unsure. In order to respond to this uncertainty the Localism Bill may need to show greater clarity on the role that business can play alongside the Neighbourhood Forums or Local Enterprise Partnerships and local community.
- Only 33 BIDs in total (40.2%) supported the contribution that BIDs could make to the formulation of neighbourhood plans or fostering of neighbourhood spirit, reflecting the earlier uncertainty of Localism Bill impacts. This needs to be addressed as all neighbourhood plans need to represent business interests and therefore this needs full buy-in across the complete BID community or the experience of BIDs in helping to stimulate economic growth is lost to the Localism agenda.
- Support for retaining the Town Centre First Policy in the National Planning Framework was lower than anticipated with just 32 City/Town Centre BIDs (48.5%) and 1 Industrial BID (6.3%) campaigning for its retention. This indifference towards a policy that is designed to protect the High Street reflects the previous planning policy failures in correctly applying the sequential test.
- BIDs across both City/Town Centre and Industrial are already engaged in a number of localism related activities. In the case of City/Town Centre BIDs this includes Retail Business Crime Partnerships (52 BIDs), Local Authority high level engagement (47 BIDs), Community Safety Partnerships (45 BIDs) and Planning Applications (43 BIDs). Similarly, Industrial BIDs are involved in Community Safety Partnerships (7 BIDs), Local Authority high level engagement (6 BIDs), and Planning Applications (6 BIDs). This clearly shows how ideally placed the BID model is to help deliver localism.
- Two areas where City/Town Centre and Industrial BIDs have had less involvement are Resident Engagement (75.8% of City/Town Centre and 100% of Industrial BIDs had no resident engagement) and Local Enterprise Partnerships (57.6% of City/Town Centre BIDs and 75% of Industrial BIDs with no LEP involvement). These figures will need to be reversed given the power placed with local residents under localism and the key strategic role to be played by LEP's in setting economic priorities for local areas.
- Key lessons learnt on collaborative working across all BIDs identified governance issues such as good communication, open exchange of ideas, strong partnership arrangements and forging solid stakeholder relationships.
- From a business perspective some BIDs indicated the potential to further develop public/private sector business and finance models to help drive economic growth and respond to the changing dynamics of localism. Others pointed to the need for a collective vision and buy-in from all project partners to help build the essential collaborative working relationships central to BID success.



7.0 Industrial BIDs

Industrial BIDs continue to make up a small proportion of the total BIDs population with only 26 (23.2%) out of the total 112 BIDs in the UK and Ireland, of which 16 (50%) have responded to this year's survey in contrast to only 9 (34.6%) last year. The specialist nature of Industrial BIDs has to some extent made it difficult to gauge performance levels, as appropriate benchmarks do not exist and as their performance capabilities are not directly comparable to that of the City/Town Centre BIDs due to their differing goals and overall budgets. However, given the increased sample size this year and a mix of BIDs across different levels of maturity, it is now possible to draw comparisons within their own class. This now provides a viable sample size to explore this specialist BID type in more detail and determine what are the key characteristics and success factors behind the performance levels achieved and establish if any further lessons can be learnt from their City/Town Centre BID counterparts. Therefore, in contrast to previous surveys, this year Industrial BIDs have this chapter dedicated especially to exploring their specialist nature and purpose which is distinct from City/Town Centre BIDs. Where appropriate, comparison has been drawn to the previous financial year or to City/Town Centre BIDs with case studies of good practice used to demonstrate exemplar activities. This should help aid further understanding of the different nuances affecting the Industrial sector of BIDs.



7.1 BID Levy Collection

As businesses continue to face the financial realities of the economic downturn there have been more and more trade closures and hence increased vacancy levels are evident throughout the UK and Ireland. Industrial BIDs, or business parks, have not been immune to these economic forces with a number of businesses suffering from either foreclosure or a severe reduction in profitability. Figure 7.1 shows a positive result in that fewer BIDs are collecting a BID levy from less than 95% of the businesses within their BID boundary with the percentage falling from 55.6% (5 BIDs) last year to 43.7% (7 BIDs) this year. Conversely, this now means that 56.3% of BIDs are collecting a BID levy from more than 95% of businesses, compared to just 44.4% of BIDs last year. This in part reflects the additional BID responses but also demonstrates that despite the current economic downturn the vacancy levels and levy exemptions within Industrial BIDs have dropped, as shown by the increase in businesses paying the BID levy and the associated increase in BID levy incomes (Table 7.1).

Table 7.1 Comparison of Industrial BID Levy Income and Hereditament Numbers

BID Name	Levy Income 2009/10	Levy Income 2010/11	% Difference	No. of Hereditaments 2010/11
Argall BID	£50,000	£65,000	+30%	360
Garratt Business Park	£49,000	£58,820	+20%	69
Hainault BID	£40,000	£51,487	+28.7%	177
IEP BID (Bolton)	£390,500	£426,596	+9%	318
KIPPA BID Ltd	£40,000	£45,000	+12.5%	90
London Riverside BID	£100,000	£157,358	+57.4%	250
Willow BID	£50,000	£50,000	0%	180
Average	£102,786	£122,037	+22.5%	187

Table 7.2 Industrial BID Unit Cost

BID Name	Levy Collection Charge pa (£)	No. of Hereditaments/ BID	BID Unit Cost (£) 2009/10	BID Unit Cost (£) 2010/11
Altham BID	-	61	-	-
Argall BID	-	360	-	-
Astmoor Industrial Estate	£10,063	160	-	£62.89
Blackburn EDZ BID	£8,395	277	-	£30.31
Cannock Chase BID	-	285	-	-
Clacksfirst	-	342	-	-
Garratt Business Park BID	£628	69	£7	£9.10
Hainault BID	-	177	-	-
IEP BID (Bolton)	£11,029	318	£38	£34.68
KIPPA BID LTD	-	90	-	-
Lancing Business Park	£1,350	215	-	£6.28
London Riverside BID	£17,904	250	£59	£71.62
Longhill & Sandgate BID	-	200	-	-
Segensworth BID	-	184	-	-
Willow BID	£1,300	180	£5	£7.22
Winsford Industrial Estate	-	170	-	-
Average	£7,238	209	£27.25	£31.73

Table 7.1 shows that across the 7 Industrial BIDs that responded to the survey over the last two years that 6 out of 7 BIDs have seen an increase in the amount of BID levy income generated, with an average income increase of 22.5% or £19,251 across these BIDs. This is significant given that in this time period 3 BIDs have seen a reduction in the number of hereditaments (average reduction of -13.2%) which they collect from, with this number potentially higher as a further 3 did not provide hereditament details in the 2009/10 survey. This shows an increase in the efficiency of BID levy collection across the Industrial BIDs and despite the use of the annual BID levy charge system to reduce the collection charge incurred by Industrial BIDs, there has been a notable increase in the BID levy incomes. It remains to be seen over a longer time period if this increase in BID levy income levels can be maintained or whether a shift to the daily rate levy charge method favoured by City/Town Centre BIDs will be necessary to further boost these funds.

Once again, Local Authorities are allowed to charge a fee for the levy collection service with Figure 7.2 showing that for 2010/11 there was a slight variation in the charges returned. The number of Industrial BIDs facing no charge experienced a small drop (2.3%), with 53.3% of the sample now facing no charge compared to 55.6% last year. Likewise, there was a drop in those charged within the £10,000-20,000 category from 33% to 20%, while there was an increase in the £0-10,000 category from 11% to 26.6%. The actual charges faced vary greatly from the lowest amount (£628) charged to Garratt Business Park and the highest amount (£17,904) charged to London Riverside. This shows that there is no set formula being applied by the Local Authorities to establish set collection charges and shows these are open to negotiation directly between the Local Authority and the BID management team. As one might expect, there appears to be a direct link between the BIDs with the highest BID levy incomes and the higher Local Authority Collection Charge with IEP BID (Bolton), London Riverside and Astmoor Industrial Park all returning the highest BID levy income

while also being charged in the £10,000-£20,000 category. Similarly, these 3 BIDs in the highest charge category also have the highest average number of hereditaments with 243. However, the average number of hereditaments of BIDs in the no charge category was 198 compared to an average of 185 in the £0-10,000 category suggesting that this £10,000-20,000 category are being over charged for their collection service relative to the number of hereditaments involved.

In a similar vein, Table 7.2 shows that there is a wide variation between BIDs on the number of hereditaments included within the BID boundary. The smallest number is the 61 properties contained in the Altham BID while the Argall BID returned the largest number of properties with 360. The average number of hereditaments stands at 209 properties for the 2010/11 survey compared to 183 in 2009/10. Table 7.2 also demonstrates the variation between the BID unit cost across the Industrial BIDs with 3 BIDs charging a unit cost of less than £10, notably Garratt Business Park (£9.10), Lancing Business Park (£6.28) and Willow (£7.22). At the other end of the scale the unit costs of Astmoor Industrial Estate (£62.89) and London Riverside (£71.62) are particularly high given that the IEP BID (Bolton) has a higher number of hereditaments and a higher BID levy income stream but a significantly lower BID unit cost of £34.68. It is also interesting to note that of the 4 BIDs with comparable unit cost data from last year, only one of these (IEP BID), despite a decrease in the number of hereditaments, managed to negotiate a reduction in the charges being faced. This confirms earlier comments over the lack of a standard charge allowing for some flexibility between the Local Authority and BID area to determine an appropriate unit cost and suggests that the BIDs need to take a more proactive role in negotiating these charges. The average BID unit cost for 2010/11 was £31.73 compared to £27.25 in 2009/10; this reflects the reduction in the number of hereditaments and a slight increase by some Local Authorities in the collection charges.



Figure 7.3 shows that in terms of BIDs going through the renewal phase, none of the 4 Industrial BIDs decided to extend their boundaries. This is in direct contrast to the City/Town Centre BIDs which saw 9 BIDs out of 24 renewals or 37.5% of the sample opting to extend their BID boundary and thereby capture additional revenue streams. This may be an area that some Industrial BIDs approaching renewal in the future could consider if they have the opportunity to extend their boundary and increase the number of hereditaments liable to pay the BID levy. However, in many cases the BID boundary for an Industrial BID is also the boundary of the industrial park and therefore there may be no scope to extend. Of further note is the fact that only 2 of the 4 Industrial renewal BIDs (Winsford and Hainault) decided to adjust their BID proposal themes from the original proposal. This may reflect the present economic uncertainty and the fact that BIDs may decide to consolidate their present activities instead of branching out into new areas.

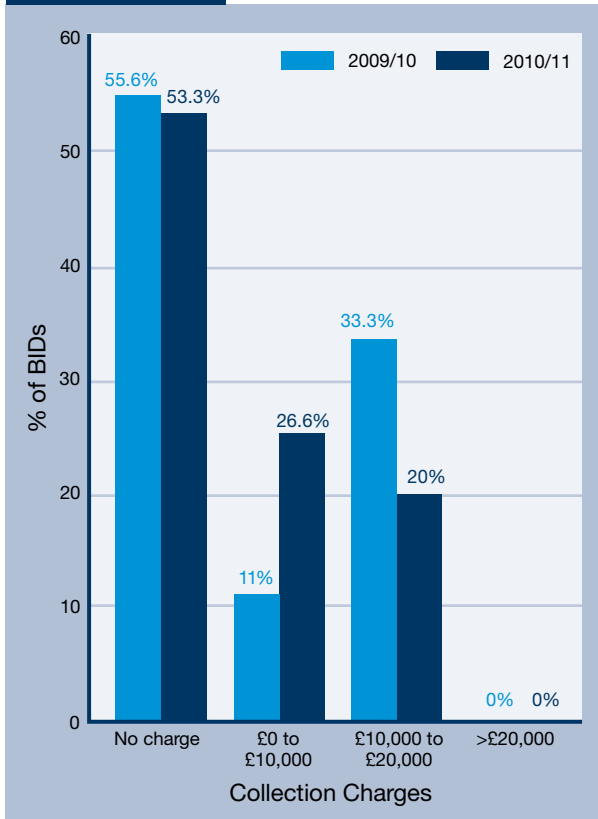
From Figure 7.4 it is clear that there has been an increase in the BID levy rates being charged with an increasing percentage of BIDs charging 1-2% (31.2%) or >2% (6.3%) compared to 11.1% and 0% last year in these respective categories. The number of BIDs implementing a variable rate to reflect the different types of businesses located within the Industrial parks has remained static but now forms the highest overall percentage at 43.7% of the total sample for 2010/11. The variable rate includes properties banded according to their rateable value as well as variations in the % levy rate depending on the property use, ownership or occupation. In comparison to the City/Town Centre BIDs (Figure 3.1) there is more use of the variable rate

amongst Industrial BIDs again probably reflecting the wide range of business types located in these industrial parks and also the difference in scale of these businesses from potentially small workshops through to large factories. It is also interesting to note that in this current economic climate none of the BIDs have dropped their levy rate to less than 1% upon renewal, as all BIDs are now recognising the importance of maximising their BID levy especially as additional BID income becomes increasingly difficult to source. It is also important to note that in areas where the rateable values are low, dropping the levy below 1% would not be viable.

To account for the differences in the size and type of businesses in a BID area some BIDs have introduced a Rateable Value (RV) threshold (i.e. a minimum rateable value below which businesses would be exempt from paying the BID levy). Figure 7.5 shows the contrasting position between the City/Town Centre and Industrial BIDs in terms of applying a RV threshold with it apparent that a much higher proportion of City/Town Centre BIDs applied this (50 BIDs or 75.8%) compared to just 3 or 18.8% of Industrial BIDs. This shows that Industrial BIDs attempt to maximise their BID levy income through reducing the amount of exemptions whereas in the City/Town Centre there are more charities, shopping centres or small businesses that potentially are supported through either an exemption or levy discount. It also reflects the lower collection charges and rateable values within Industrial BID areas which, in contrast to City/Town Centre BIDs, do not face reduced viability in the absence of a rateable value threshold.

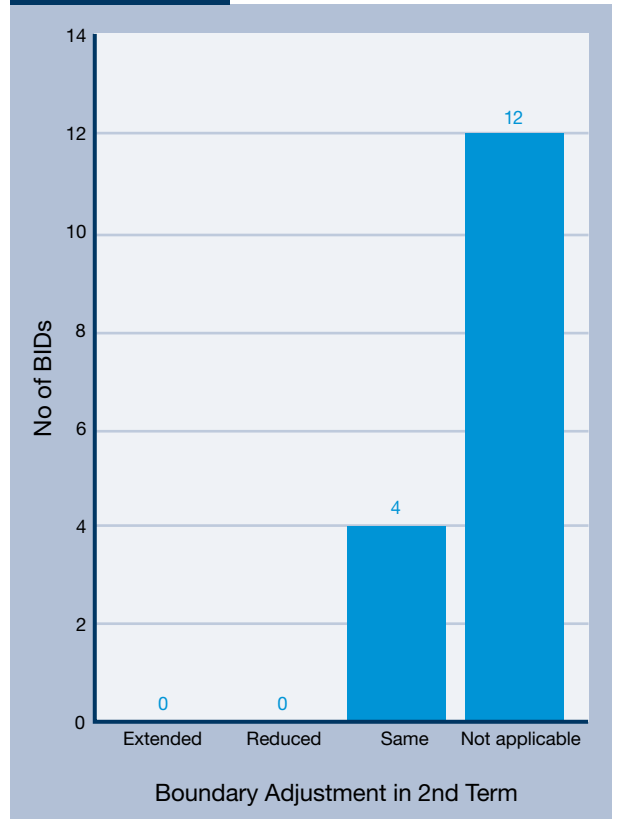
Industrial BID Annual Levy Collection Charge from the Local Authority

Figure 7.2



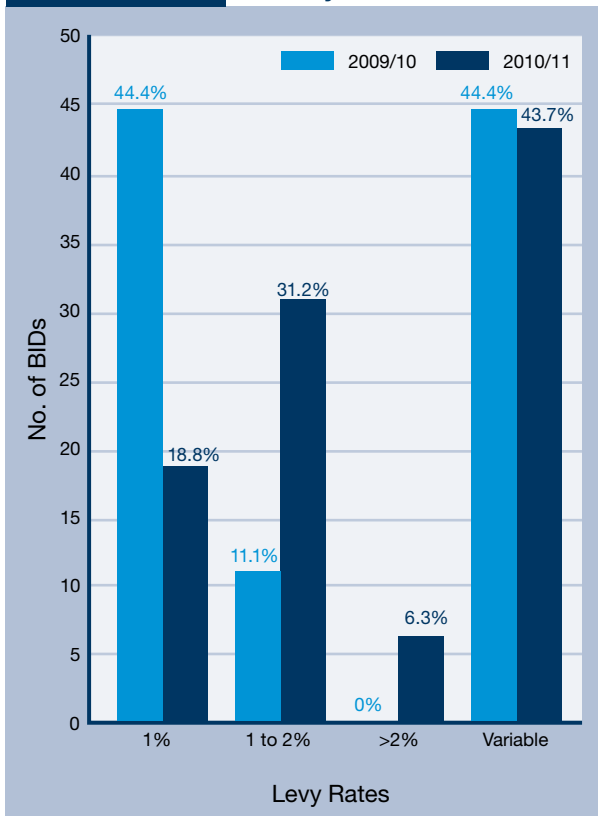
Adjustment to Industrial BID Boundary in 2nd Term

Figure 7.3



Spread of Industrial BID Levy Rates

Figure 7.4



Use of a Rateable Value Threshold by Industrial BIDs

Figure 7.5

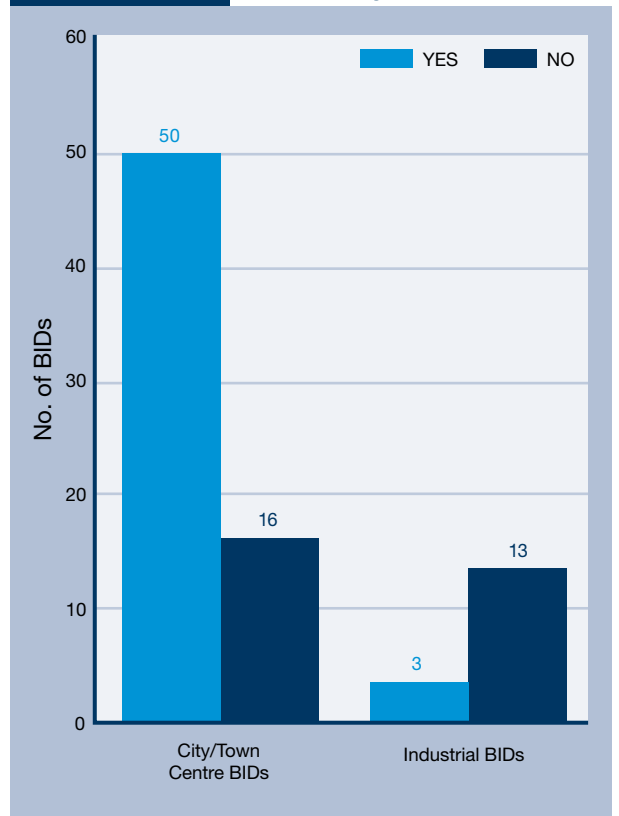
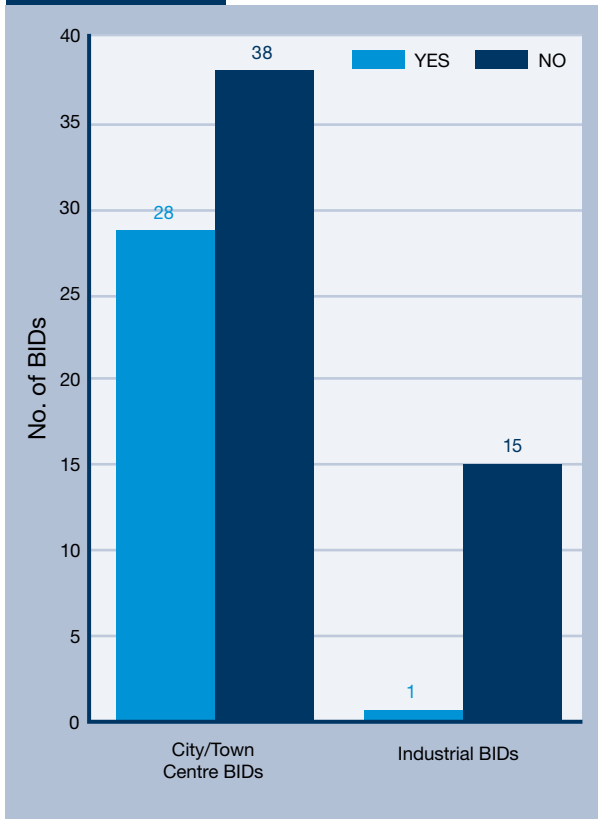


Figure 7.6 Use of Levy Discounts by Industrial BIDs



In a similar vein to the previous graph, Figure 7.6 shows that once again BID levy discounts are more prevalent amongst City/Town Centre BIDs with 28 BIDs or 42.4% actively applying these discounts compared to just 1 BID or 6.3% of the Industrial sample. In the case of the City/Town Centre BIDs the majority of levy discounts were given to either charities or shopping centres although one BID also provided a discount of 50% for vacant units. In terms of the amount of discount applied this again varied greatly with some City/Town Centre BIDs reducing the actual BID levy rate while other BIDs applied a percentage reduction on the amount of BID levy payable with a 20-30% discount common amongst shopping centres while charities commanded a discount of anything between 40-80% although this was said to be influenced by the Local Authorities. Garratt Business Park was the only Industrial BID to offer a levy discount in this case to registered charities and other organisations which received a mandatory reduction in business rates.

Figure 7.7 illustrates that the Industrial BIDs were more prevalent in implementing innovative projects in the areas of crime prevention (10 BIDs or 62.5%), Marketing and Events (8 BIDs or 50%) and Cleaning (7 BIDs or 43.8%). There has also been a substantial increase in the total number of innovative projects recorded for the financial year 2010/11 with 47 projects compared to just 14 projects last year representing over a 3-fold increase. In terms of the individual innovation areas represented by the Industrial BIDs there remain no projects in the CSR area while predictably public realm and transport projects are less important to Industrial BIDs than their City/Town Centre counterparts.

Figure 7.7 Innovative Industrial BID Project Types

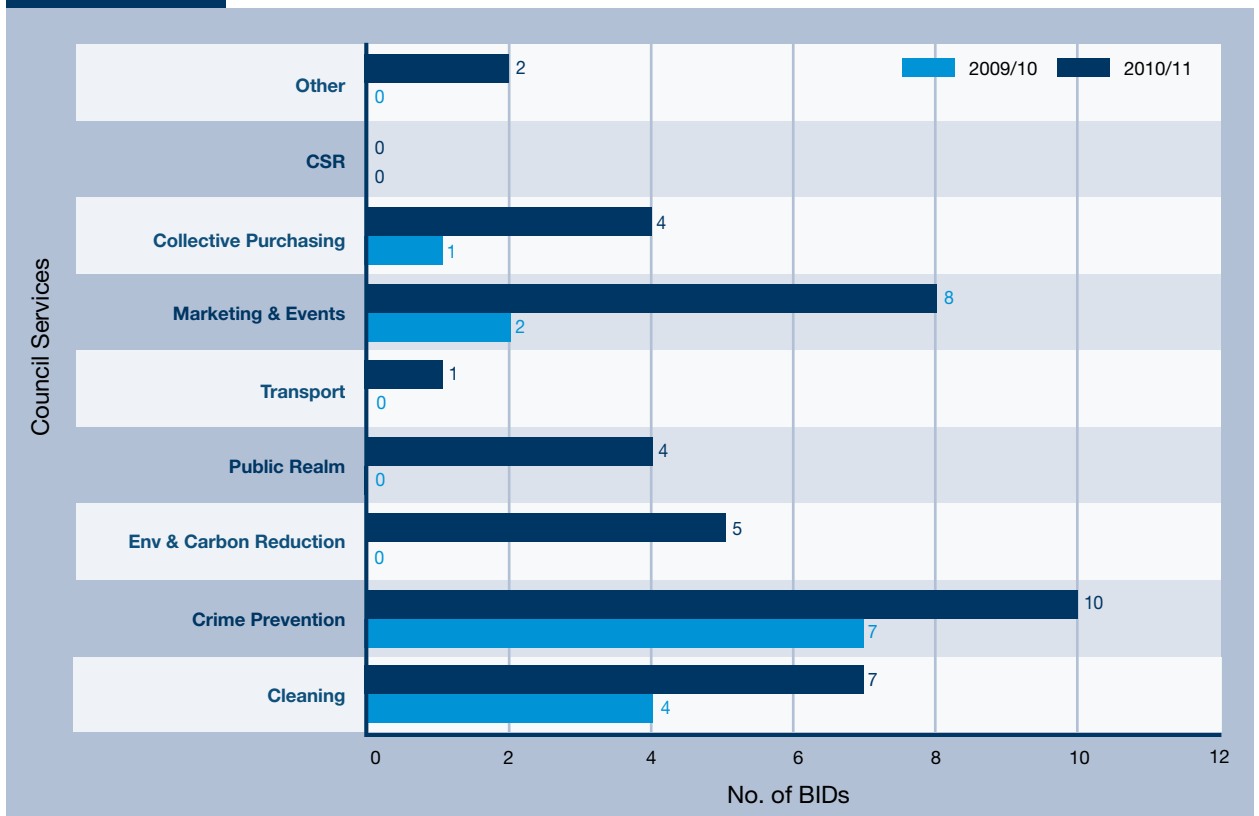
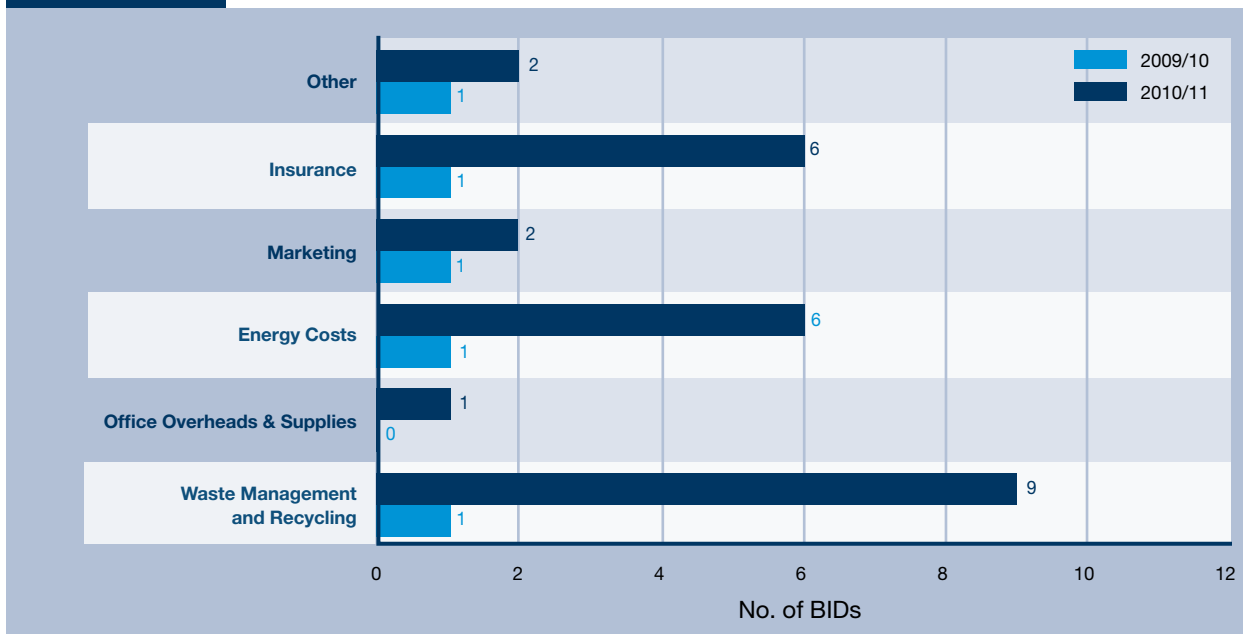


Figure 7.8 Commercialisation of Industrial BID Supplies/Services



The types of innovative cleaning projects that Industrial BIDs were registering included the Blackburn EDZ employing business park wardens, Cannock Chase conducting fortnightly litter picks and Lancing Business Park engaging a grounds maintenance contractor to enhance the aesthetics of the area. Similarly, in terms of Crime Prevention there have been a lot of Industrial BIDs installing a combination of CCTV and ANPR (Automatic Number Plate Recognition) cameras and improved fencing to help increase their security with the BIDs of Blackburn EDZ, Cannock Chase, Hainault and Lancing all benefiting from these measures. Other Crime Prevention measures included KIPPA Ltd providing a car for the Police's local Safer Neighbourhood Team and Winsford implementing a rapid text service and mobile security patrols. Finally, from a Marketing and Events perspective, Cannock Chase have introduced new signage all over the site, Hainault have held various networking events, Lancing have implemented new breakfast style meetings and Winsford have introduced an annual estate business awards event.

Figure 7.8 shows an increase in the number of Industrial BIDs attempting to commercialise their BID supplies and services as a cost saving mechanism, with a total of 5 projects implemented in 2009/10 compared to 26 projects in 2010/11. The highest majority of these projects occurred in the waste management and recycling area with 34.6% of the total projects, followed by energy costs with 23.1% and insurance 23.1%. In terms of individual initiatives, Garratt Business Park are in discussions regarding collective waste management and recycling, Lancing are exploring recycling services for paper/card and negotiating with various suppliers on discount rates, Segensworth are in negotiation with a group of procurement specialists, while IEP BID (Bolton) have negotiated discounts for BID membership on risk insurance and are currently testing a joint energy/utility project with a partner company. This shows that even amongst Industrial BIDs there is a conscious effort made to curb their outgoings and, where possible, become more commercial in their delivery of supplies and services. This cost efficiency drive is likely to intensify over the next number of years necessitating BIDs to become more innovative in their adopted cost saving measures and to safeguard the BID ethos of ensuring additionality over and above the traditional service delivery model.

7.2 Additional BID Funding

The economic downturn has continued to impact on the revenue generating potential of towns and cities. This has resulted in a contraction in the income levels of City/Town Centre BIDs as discussed in Chapter 4. However, the Industrial BIDs have contended with a separate list of factors which potentially impacted upon profitability and business survival, issues such as fuel cost increases, freight costs and the impacts of industrial action have affected some of the BIDs over the last number of years and reduced their revenue generation potential. For the financial year 2010/11 Table 7.3 shows there was a 14.4% increase in the cumulative total or £60,799 additional income generated over and above the BID levy. At first viewing this appears to be a positive result, however when the increase in the number of Industrial BIDs is taken into account (16 compared to just 9 last year) then it becomes apparent that the additional 7

BIDs have effectively added the equivalent of just over £60k. It remains to be seen next year, with a similar sample size, if any additional income increases are returned.

Further calculations show that the average additional income generated across all of the Industrial BIDs dropped from £47,011 in 2009/10 to £30,244 in 2010/11, despite the increase in the total income returned. This clearly shows that in real terms the actual income levels have reduced by 35.7% when the spread across all 16 BIDs is taken into account. Table 7.4 illustrates this point further by providing a comparison of the 5 BIDs for which there were Additional Income figures over the last two years. It is clear that only two BIDs showed an increase during this time with Garratt Business Park showing an impressive increase of 156% while London Riverside retained a healthy income with a 30% increase with a total additional BID income of £223k which is comparable to the income levels achieved in many of its City/Town Centre counterparts. At the other end of the scale Hainault recorded an 87% decrease in income levels with other smaller hits taken by Argall (13%) and IEP BID (17.1%). The total income generated for the BIDs with comparable figures shows a reduction of 10.2% or £40,201, showing that the earlier increase in income levels masks a wider leverage problem which will need to be addressed in future years.

Figure 7.9 shows that the actual sources of this additional income have also contracted with only 4 sources in 2010/11 compared to 6 sources in 2009/10. This year's results are concentrated in Other (£372,000), Local Government (£86,899),

Table 7.3 Comparison of Industrial Income Over and Above the BID Levy

	2009/10	2010/11	% Difference
Industrial BIDs	£423,100	£483,899	+14.4%
Total BIDs	£9,330,052	£7,911,751	-15.2%

Table 7.4 Comparison of Industrial BIDs Additional Income 2009-11

BID Name	Additional Income 2009/10	Additional Income 2010/11	% Difference
Argall BID	£57,500	£50,000	-13.0%
Garratt Business Park BID	£14,000	£35,899	+156%
Hainault BID	£115,000	£15,000	-87.0%
IEP BID (Bolton)	£35,000	£29,000	-17.1%
London Riverside BID	£171,600	£223,000	+30.0%
Total	£393,100	£352,899	-10.2%

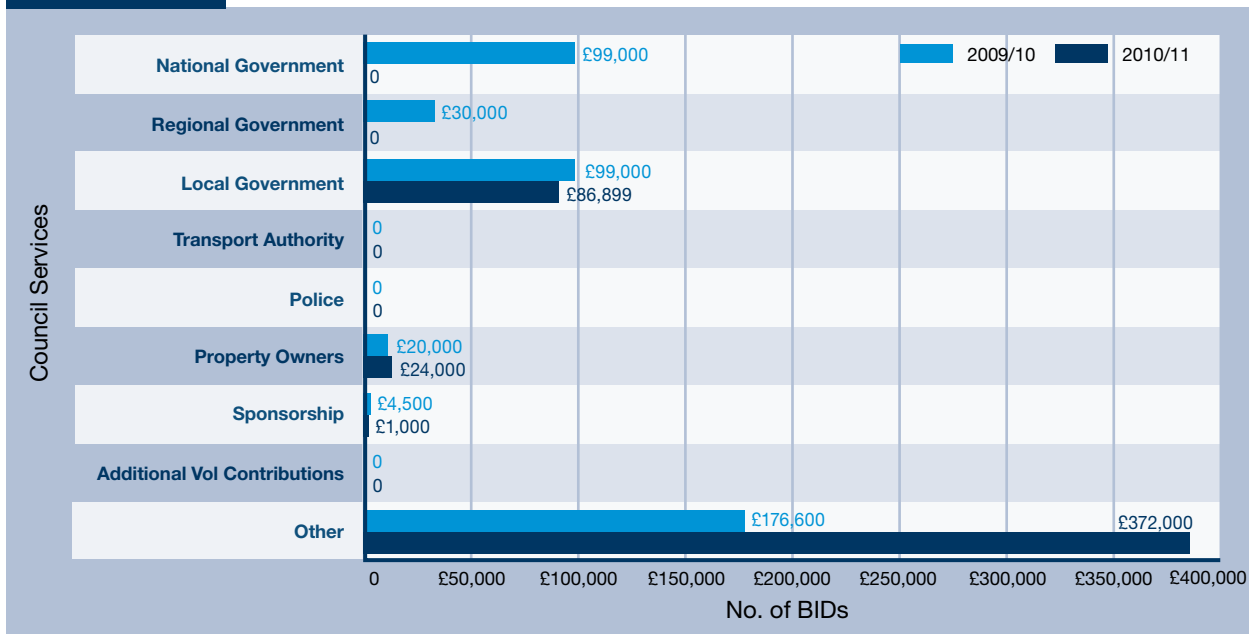
Table 7.5 Industrial BID Income Generation Relative to BID Levy

BID Name	BID Start Date	BID Levy Income (L)	Additional Income (I)	R=(I/L) 2009/10*	R=(I/L) 2010/11
Argall BID	2007	£65,000	£50,000	1.15	0.77
Astmoor Industrial Estate	2008	£138,980	£6,000	-	0.04
Clacksfirst	2008	£102,000	£120,000	-	1.18
Garratt Business Park BID	2009	£58,820	£35,899	0.29	0.61
Hainault BID	2006	£51,487	£15,000	2.88	0.29
IEP BID (Bolton)	2006	£426,596	£29,000	0.09	0.07
London Riverside BID	2006	£157,358	£223,000	1.72	1.42
Winsford Industrial Estate	2005	£84,833	£5,000	-	0.06
Total		£1,850,578	£483,899	0.59	0.28

Renewed BIDs highlighted in blue Levy-Income Ratio of Greater than 1 *Calculated figures taken from the 2009/2010 report

Figure 7.9

Source of Additional Industrial BIDs Income Over and Above BID Levy



Property Owners (£24,000) and Sponsorship (£1,000), showing a clear reduction in the amount of Central and Regional Government Funding available from last year. Property owners have seen their share increase slightly from £20,000 in 2009/10 to £24,000 in 2010/11 reflecting the increased role that property owners may be expected to play in helping to fund BID operations in the future and the constant struggle to apportion appropriate costs between property occupiers and property owners. The Other category included income streams from a variety of sources, for example £9,000 by IEP BID for trading security services to Non-BID companies, levered contributions of £120,000 by Clacksfirst and funds levered from the London Development Agency and the Thames Gateway Development Corporation Grant totalling £222,000 by London Riverside. However, despite the initiative shown by some BIDs, the reduction in Government funding will necessitate all the Industrial BIDs to become more innovative in their sourcing of additional revenue streams to help bridge the £135,101 shortfall in this funding stream from the past financial year compared to 2009/10, given that it is unlikely Government funding will be made available in the short term.

To reduce the risk faced by a failure to source income in any one particular stream it is preferable to have BIDs sourcing income across a number of income streams. Figure 7.10 shows that Industrial BIDs are not risk diverse with very few income streams sought by those BIDs currently attracting additional income. The majority of Industrial BIDs (8 BIDs or 50%) attracted no additional income, while a further 5 BIDs or 31.3% only attracted income from one source, with a further 3 BIDs or 18.8% attracting income from 2 sources. This is an area that the Industrial BIDs may need to improve on to become more risk averse and at the same time potentially increase their additional income revenue.

The leverage of Additional Income to BID Levy Income remains a good indicator of the wealth generation or value for money achieved in any BID area. This multiplier effect was present in 8 (50%) of the 16 Industrial BIDs that responded to the 2010/11

survey. Table 7.5 shows that Clacksfirst (1:1.18) and London Riverside (1:1.42) returned the two highest BID levy to income ratios, with in the latter's case this equating to an extra £1.42 in additional BID income to every £1 of BID Levy received. Some BIDs have had a notable drop in their ratio levels with Argall BID and Hainault both contracting substantially from the previous year. Likewise in terms of the overall ratio for the total income generated there has also been a reduction from a ratio of 1:0.59 in 2009/10 to 1:0.28 in 2010/11. Once again this reflects the hit that has been taken across the majority of the BID population. However, it should still be remembered that while additional income is being generated then this multiplier effect no matter how small will still be created showing that the BID model is continuing to lever additional funds into an area.

Figure 7.10

Additional Income Source Diversification of Industrial BIDs

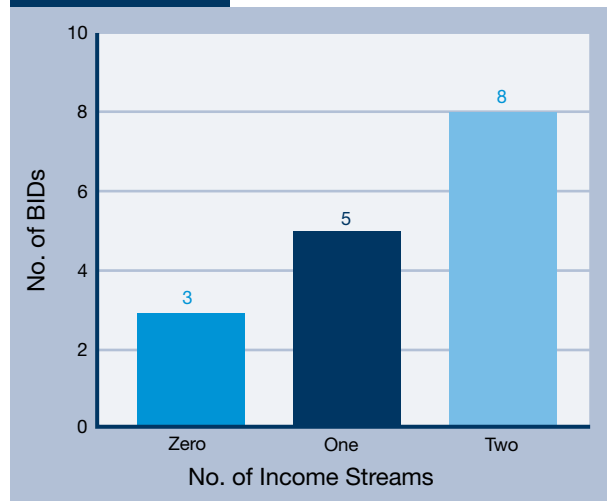
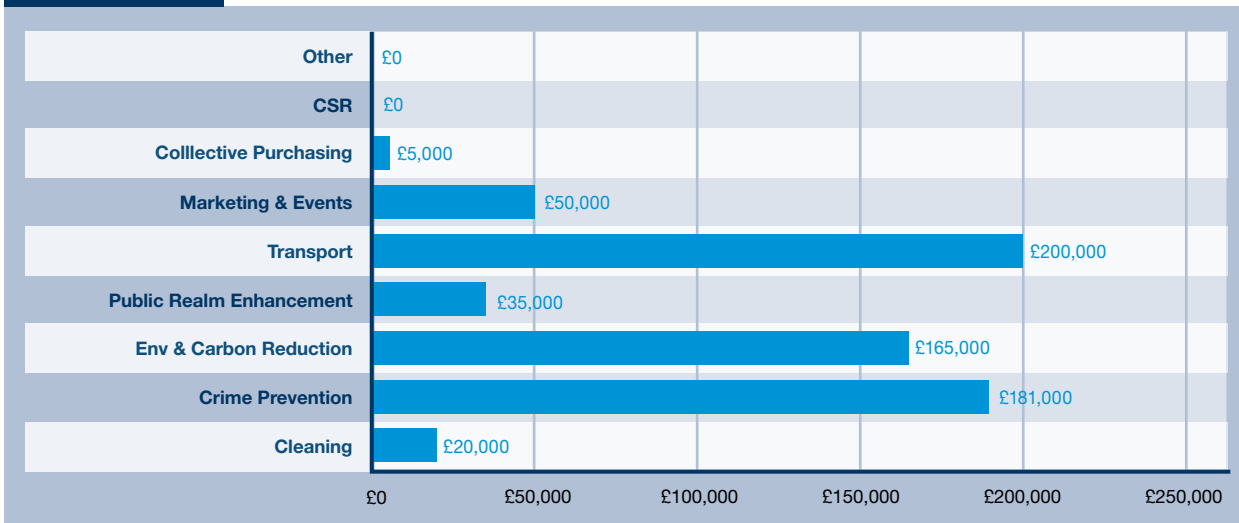


Figure 7.11 Industrial BIDs Additional Investment by Source 2010/11



7.3 Additional BID Investment

In order to investigate the wider investment generating potential of the Industrial BIDs it was necessary to determine the amount of additional investment being generated beyond the BID bank account. Table 7.6 shows that 4 Industrial BIDs recorded an additional investment impact of £656k or an average of £164k per BID. However, closer inspection shows that like the City/Town Centre BIDs two BIDs (Argall, £210k and Segensworth, £415k) potentially skewed the Industrial BIDs investment analysis and therefore the more realistic average investment potential per BID is just £15,500. This, while not insignificant given the nature of Industrial BIDs, still lags significantly behind the City/Town Centre BIDs with an average of just over £1.1M per BID. This also emphasises the point that City/Town Centre BIDs continue to have more opportunity to attract wider regeneration investment given Government policies designed to protect the town centres and encourage city centre regeneration. Conversely, Industrial BIDs need to ensure that any investment attracted to the area, while unlikely to have wider regeneration impact given its out-of-town location, is instead designed to improve the local environment, make the area safer and ensure that the transport logistics and infrastructure of the industrial parks do not adversely impact on any neighbouring open space or countryside.

Figure 7.12 Industrial BIDs Diversification of Additional Investment

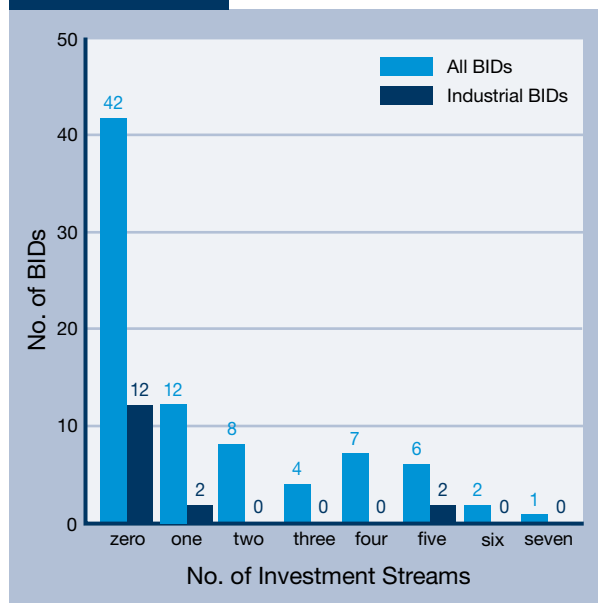


Table 7.6 Investment Attracted Beyond Industrial BID Bank Account

	Total Investment 2010/11	No. of BIDs	Ave per BID
City/Town Centre BIDs	£38,869,398	35	£1,110,554
Industrial BIDs	£656,000	4	£164,000
Industrial BIDs (excluding Argall and Segensworth) ²¹	£31,000	2	£15,500

²¹ It was felt that the Argall (£210k) and Segensworth (£415k) were potentially skewing the investment analysis and hence the average per BID with these excluded is probably more representative of the investment potential of the Industrial BIDs.

Table 7.7

Industrial BID Additional Investment Multiplier

BID Name	BID Levy Income (L)	Additional Income (I)	Combined Income (C)	Additional Investment (in)	R = (In/C) 2010/11
Altham BID	£54,430	0	£54,430	0	0.00
Argall BID	£65,000	£50,000	£115,000	£210,000	1.83
Astmoor Industrial Estate	£138,980	£6,000	£144,980	£0	0.00
Blackburn EDZ BID	£152,300	£0	£152,300	£0	0.00
Cannock Chase BID	£137,000	£0	£137,000	£0	0.00
Clacksfirst	£102,000	£120,000	£222,000	£20,000	0.09
Garratt Business Park BID	£58,820	£35,899	£94,719	£0	0.00
Hainault BID	£51,487	£15,000	£66,487	£0	0.00
IEP BID (Bolton)	£426,596	£29,000	£455,596	£0	0.00
KIPPA BID LTD	£45,000	£0	£45,000	£0	0.00
Lancing Business Park	£118,892	£0	£118,892	£0	0.00
London Riverside BID	£157,358	£223,000	£380,358	£0	0.00
Longhill & Sandgate BID	£45,882	£0	£45,882	£0	0.00
Segensworth BID	£162,000	£0	£162,000	£415,000	2.56
Willow BID	£50,000	£0	£50,000	£11,000	0.22
Winsford	£84,833	£5,000	£89,833	£0	0.00
Total	£1,850,578	£483,899	£2,334,477	£656,000	0.26

Renewed BIDS highlighted in blue ■ Combined-Income Investment Ratio of Greater than 1



Figure 7.11 outlines the key investment project types that are emerging from Industrial BID respondents in the 2010/11 survey. The two BIDs mentioned previously (i.e. Argall and Segensworth) have both contributed substantially to Figure 7.11 in terms of project investment. Argall has seen significant investment of £150k in a project relating to Environmental and Carbon Reduction while Segensworth has witnessed £150k investment in crime prevention, £200k in transport and a further £45k in marketing and events. It is clear that the investment project types funded in Industrial areas will be more closely related to potential infrastructure improvements, the improvement to the environment or the prevention of crime as these are the largest challenges facing Industrial BIDs.

From a risk reduction perspective it is also interesting to analyse the number of investment streams that have been utilised. Figure 7.12 shows that of the 4 Industrial BIDs who help facilitate further investment beyond the BID bank account 2 BIDs (Clacksfirst and Willow) relied on just one investment stream, while the other two BIDs (Argall and Segensworth) benefited from 5 separate investment streams. It is also no coincidence that the latter two BIDs also attracted the higher investment to the area, as more projects result in greater investment potential and less long term risk to the BID area. The number of investment streams for Industrial BIDs is much lower than City/Town Centre BIDs and this is reflective of the type of projects that are likely to be financed in Industrial areas and the lack of a wider regeneration agenda in these locations.

Table 7.7 illustrates the Industrial BID areas which are benefiting the most from a positive investment multiplier effect. It is clear that of the 16 Industrial BIDs who have participated in this year's survey only 4 BIDs have generated additional investment for their area and therefore have created a multiplier effect. Of these 4 BIDs, two have achieved a notable performance level comparable with the highest performing City/Town Centre BIDs. Argall have achieved a Combined Income-Investment ratio of 1:1.83 while Segensworth achieved a ratio of 1:2.56 equating to £2.56 for every £1 of combined BID levy and Additional income generated in the BID area. However, some caution in these figures remains given that it is difficult to extract the direct impact that the BID has made to this additional investment and to establish if the investment would have occurred without the presence of the BID. Clacksfirst with a ratio of 1:0.09 and Willow with a ratio of 1:0.22 have also had a positive investment impact for their wider BID area. This shows that despite the out of town locations and the specialist nature of the Industrial BID types there is still the potential to generate wider investment value to these areas. It is unlikely that Industrial BID investment can rival the scale achieved by the City/Town Centre BIDs, however it is significant that in times when the Town Centres are prioritised from both a policy and funding perspective that Industrial BIDs can still generate investment potential and wider area benefits.



7.4 Recessionary Impact on Public Services

Figure 7.13 shows that in the past year, 5 (31.3%) Industrial BIDs have experienced Council reduction/termination of their public services within the BID area. Once again the reduction/termination of a public service should not be taken to mean this has automatically been taken on by the BID as local government finances and services may have been streamlined or combined with other areas. This compares closely to the number of City/Town Centre BIDs (21 or 31.8%) who also experienced a reduction/termination of services, showing that there was no difference in the in town and out-of-town locations. No details were provided on the service cuts but if these followed the same trend as the City/Town Centre BIDs they were likely to focus around cleansing services and crime prevention and this therefore supports the BIDs undertaking innovation projects in these areas.

Figure 7.14 shows that of the BIDs that responded the key Council Services that were taken on by the Industrial BIDs fell into the Cleaning, Marketing and Events and Other categories. In contrast to the City/Town Centre BIDs (38 services) only 4 services across all 16 BIDs have been fully taken on by the Industrial BIDs, showing that they are less active in service provision than their City/Town Centre counterparts. Once again no details were provided on these but it is clear that in comparison to City/Town Centre BIDs there are not the same opportunities or indeed need for the Industrial BIDs to take on Council Services. Whether this position is likely to change in the future is unknown especially with the increasing local government funding

restrictions and efficiency savings sought. However, Industrial BID areas given their out-of-town locations and the specialist nature of the businesses located in these areas, may struggle to create the additionality expected of a BID project making it difficult to justify these areas assuming additional council services.

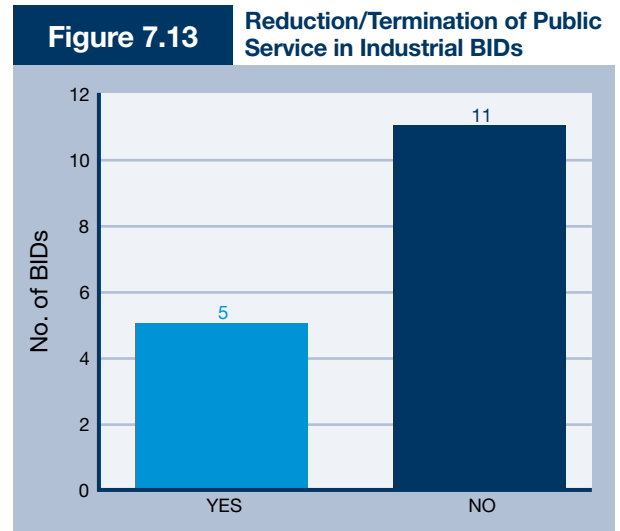
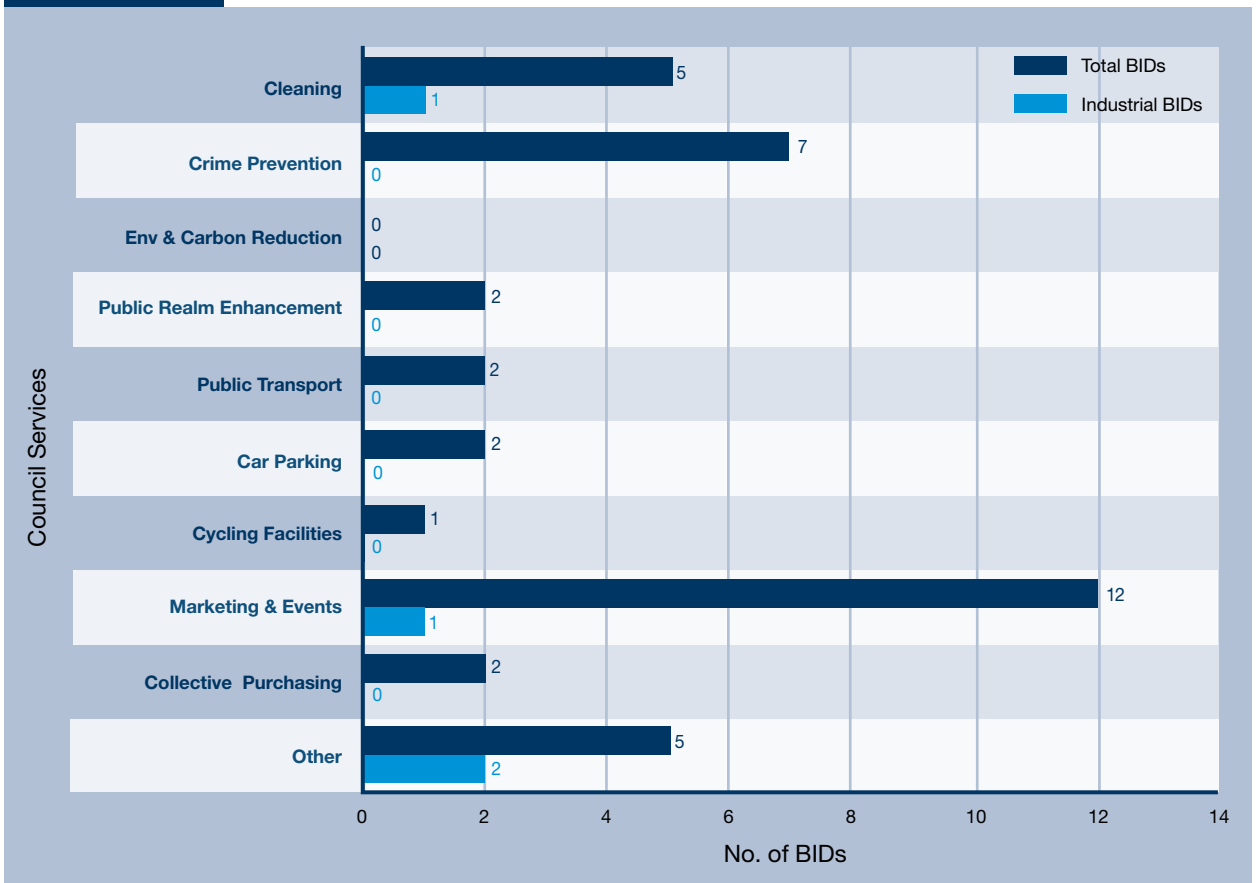


Figure 7.14 Council Service Taken on by Industrial BIDs 2010/11



7.5 Key Findings

- There are currently 26 Industrial BIDs which makes up 23.2% of the total 112 BID population in the UK and Ireland, of which 16 Industrial BIDs responded to this year's survey.
- Over 56% of the Industrial BIDs (9 BIDs) are collecting a BID Levy from more than 95% of businesses within their BID boundary catchment compared to 44% (4 BIDs) in 2009/10.
- An increase in BID levy collection efficiency was demonstrated by 6 out of the 7 Industrial BIDs, for which there was 2 year comparable income detail, showed 22.5% or a £19,251 increase in the BID levy income, despite an average reduction in hereditament size of 13.2%.
- 53.3% of Industrial BID respondents currently face no levy collection charge, with a slight drop also experienced in the higher cost category of £10-20,000.
- The lowest levy collection charge was £628 charged to Garratt Business Park (69 hereditaments) compared to the highest fee of £17,904 faced by London Riverside (250 hereditaments).
- The average number of hereditaments in Industrial BIDs is currently 209 properties in 2010/11 compared to 183 in 2009/10, and significantly less than the average 590 properties in the City/Town Centre BIDs.
- The BID unit charges differed greatly with some Industrial BIDs paying as little as £6.28 (Lancing Business Park) whereas others faced a unit charge of £71.62 (London Riverside). One BID (IEP BID, Bolton) managed to negotiate a reduction in their BID unit costs from £38 in 2009/10 to £27.25 despite a static number of hereditaments. This implies that no set formula is being applied and some BIDs need to become more proactive in negotiating these charges.
- Of the 4 renewed Industrial BIDs none of these extended their BID boundary compared to 37.5% of the City/Town Centre BIDs which opted to increase their BID boundaries. Industrial BIDs approaching renewal may need to consider this opportunity to increase the number of properties liable to pay the BID levy.
- The BID levy rates being charged by Industrial BIDs has increased, in part due to the increased survey response but also due to BIDs passing through the renewal phase who have opted for a higher levy rate.
- There is more noticeable use of the variable rate amongst Industrial BIDs (43.7%) than City/Town Centre BIDs (9.8%), reflecting the difference in scale and business type within Industrial Parks compared to City/Town Centres.
- Contrastingly, more City/Town Centre BIDs (75.8%) use Rateable Value (RV) thresholds compared to Industrial BIDs (18.8%), demonstrating the attempts made by Industrial BIDs to maximise levy income through reducing exemptions. Similarly, BID levy discounts are more prevalent amongst City/Town Centre BIDs (42.4%) compared to just (6.3%) in Industrial BIDs as a result of the limited inclusion of business types (charities/shopping centres) likely to qualify for any discounts.
- Industrial BIDs implemented innovative projects in crime prevention (62.5%), Marketing and Events (50%) and Cleaning (43.8%), with a substantial increase in the total number of innovative projects from 14 to 47 over the past year.
- Innovative cleaning projects included Blackburn EDZ employing business wardens, Cannock Chase conducting fortnightly litter picks and Lancing Business Park employing a grounds maintenance contractor to enhance area aesthetics.
- Innovative crime prevention projects included installation of CCTV and ANPR cameras and improved fencing across the majority of BIDs, while KIPPA Ltd provided the Police's SNT with a car and Winsford introduced mobile security patrols.
- Innovative marketing and events projects included signage by Cannock Chase, networking events by Hainault, breakfast meetings by Lancing Business Park and an annual estate business award event by Winsford.
- In keeping with the City/Town Centre responses an increasing number of Industrial BIDs have attempted to commercialise their BID supplies and services, with an increase from 5 to 26 projects in the past year.
- The three key areas for commercialisation of Industrial BID supplies and services included waste management and recycling (34.6%), energy costs (23.1%) and insurance (23.1%).
- Commercialisation projects include Garratt Business Park discussing collective waste management and recycling, Lancing exploring recycling services for paper/card and negotiating with various suppliers on discount rates, Segensworth negotiating with a group of procurement specialists, and IEP BID (Bolton) negotiating discounts for BID membership on risk insurance and are currently testing a joint energy/utility project with a partner company.
- A total of 8 of the 16 Industrial BIDs amassed a cumulative additional BID income of approaching £484k representing a 14.4% or £60,799 increase on last year. However, this increase was influenced by the inclusion of 16 instead of 9 BIDs for the 2010/11 survey, showing that 7 extra BIDs contributed the equivalent of £8,686 per BID.
- Average income generated across Industrial BIDs dropped from £47,011 in 2009/10 to £30,244 in 2010/11 or a (35.7%) drop in average income levels.
- Only 2 BIDs showed an increase over the last year, Garratt Business Park (156%) and London Riverside (30%), with the latter producing income streams of £223k comparable with many City/Town Centre BIDs.
- There has been a contraction in actual income sources from 6 in 2009/10 to 4 in 2010/11 with Local Government (£87k), Property Owners (£24k) Sponsorship (£1k) and Other (£372k - including grants from the LDA and Thames Gateway Development Corporation Grant).
- The clear reduction in the amount of Central and Regional Government funding (£123k) compared to the previous year will necessitate Industrial BIDs to continue to be innovative in sourcing additional income in the future.

- Industrial BIDs are less risk diverse than their City/Town Centre BID counterparts with the number of sources of income concentrated around 1-2 streams for Industrial compared to 2-5 streams in City/Town Centre BIDs. This shows Industrial BIDs are more at risk to a change in funding resources in the future, especially if the Government funding continues to contract.
- The average leverage obtained by the Industrial BIDs as demonstrated by the levy-income ratio was positive with a ratio of 1:0.28 returned, meaning that an extra 28 pence was generated for every £1 of BID levy income, which compares favourably with the City/Town Centre ratio of 1:0.35.
- Clacksfirst with a levy-income ratio of 1:1.18 and London Riverside with a ratio of 1:1.42 returned the two highest multipliers for the Industrial BIDs.
- A total of 4 Industrial BIDs helped to attract £656k in additional investment or an average of £164k per BID. However, the majority of this amount was generated by two BIDs (Argall, £210k and Segensworth, £415k) resulting in a more realistic average being just over £15k.
- Industrial BID investment is best suited to improving the local environment, transport infrastructure and crime prevention rather than the wider regeneration issues dominated by City/Town Centre BIDs.
- Argall and Segensworth have been instrumental in attracting investment for projects relating to in the former's case environmental and carbon reduction and in the latter's case crime prevention, transport and marketing and events.
- The number of investment streams on average is lower for Industrial BIDs than City/Town Centre BIDs again reflecting the increased threat to investing in an industrial area when returns are not proportionate to the risk.
- The average combined income-investment ratio for the Industrial BIDs was 1:0:26 significantly lower than the City/Town Centre BIDs leverage of 1:2.71. However this once again emphasises the difference in the two areas capability in attracting investment and does not represent a failing on the part of Industrial BIDs who should still be commended on achieving a positive investment multiplier.
- Argall (1:1.83) and Segensworth (1:2.56) both returned impressive income to investment leverage ratios demonstrating that Industrial BIDs can still help facilitate wider investment opportunities.
- Industrial BIDs have been similarly affected by Council termination of Public Services (31.3%) compared to City/Town Centre BIDs (31.8%), showing little difference between in town and out-of-town locations with regards to service cuts.
- However, Industrial BIDs (4 projects) have taken on less responsibility for providing alternatives to these service cuts than City/Town Centre BIDs (38 projects), perhaps down to difficulties in producing additionality to the BID area.





The future of Business Improvement Districts will be influenced by the out-workings of the Decentralisation agenda within the Localism Bill and Government proposals for local retention of the uplift in business rates. BIDs are already playing a crucial role as champions within a local area and as such could be described as 'localism in action'. Under the Local Government Resource Review (DCLG, 2011) proposals to enable local authorities in England to retain a share of the growth in their local business rates should potentially provide the financial stimulus to facilitate economic growth in local communities. In essence, local authorities will be incentivised to promote growth through proactive development and investment in partnership with the private sector. This may in turn have the effect of encouraging planning authorities to focus on development away from town centre where land assembly is easier and therefore additional business rates potential far greater. In some circumstances the Government may consider that relative to the baseline, the level of business rates within a local authority do not meet the pressing demands placed on local services. Under the reset principle fixed amounts of business rates could either be taken from those councils with high levels of business rates or given to those councils with low levels of business rates²².

The Localism Bill is also proposing to ensure a referendum of local businesses is required in authorising any business rate supplement, as already happens in Business Improvement Districts. The Bill is proposing to allow councils to introduce local business rate discounts, funded by local authorities. Arguably, the decentralisation and localism agenda presents significant opportunities and challenges in the way local governance operates and is funded, but to be successful it is imperative that budgets follow service provision and delivery²³. In this regard government clearly sees mechanisms such as BIDs playing a significant role in facilitating economic growth and service delivery within their designated areas by providing genuine dialogue and engagement with business. The Nationwide BID Survey 2011 analyses the performance, levy collection, additional leveraged funding, project delivery and innovation of BIDs, including best practice models of partnership in the UK and Ireland. The Nationwide BID Survey 2011 also carries a number of interesting features this year namely the capacity to compare results with last year's findings where it is compatible to do so; and the ability to distinguish between City/Town Centre BIDs and Industrial BIDs respectively.

The key conclusions/findings of the research are considered for City/Town Centre BIDs and Industrial BIDs respectively as follows:

22 Department of Communities and Local Government, Local Government Resource Review: Proposals for Business Rates Retention, Consultation, London, July 2011

23 British BIDs Leadership Network, Localism: What does it mean for BIDs, www.britishbids.info



8.1 City/Town Centre BIDs

City/Town Centres, and specifically the high streets, are facing major challenges as a consequence of the economic downturn and recessionary pressures on prime locations. The vitality of the town centre is under great pressure with average vacancy rates across the country at 14.5%, according to the Local Data Company as at Sept 2011, whilst there remains an imperative with regard to local government finance to extract income from their town centres through aspects such as increased car parking charges thereby making the town centre environment less competitive. Priority policy areas are needed to address key strategic issues by giving local authorities greater responsibility for their finances, encouraging incentives to raise additional finance in partnership with the private sector and creating certainty for businesses to invest for the long term. Any growth in business rates within a local authority area, and specifically a BID location, should be ring fenced and hypothecated to stimulate further growth through local service delivery, area based regeneration and infrastructural development. The strength of BIDs as a private sector led partnership is their ability to raise finance through the BID levy rate, to leverage additional income and investment, and to reinvest in their local trading environment for medium to longer term economic growth and service provision.

Chapter 3 of the Nationwide BID survey presented evidence of increased efficiency in the collection of BID levies compared to last year, with the levy income now collected from a significantly higher proportion of businesses. However, the impact of the economic downturn has been felt with varied BID levy income levels across the City/Town Centre BIDs. This is further reflected in a decrease in the average BID levy income for City/Town Centre BIDs in comparison to last year's average. To help support local businesses in the difficult recessionary period the

majority of BIDs did not apply an inflationary factor to their BID levy this year. BID levy collection unit cost, (the cost of collection divided by the number of hereditaments), continues to vary significantly across the BID population, with the London BIDs continuing to face a much higher unit cost than elsewhere in the UK for the same service. Significantly, on a positive note there has been a small reduction in the average unit cost compared to last year and an increase in the number of BIDs now facing no collection charge. The 1% levy rate continues to be the most common although an increasing number of small town centre BIDs are starting to show a corresponding increase in the 1-2% rate for viability reasons. Finally, the majority of City/Town Centre BIDs continue to use rateable value thresholds to reduce the levy liability of small businesses in their BID area.

Chapter 4 outlined that despite the current economic environment BIDs continue to make concerted efforts in attracting income over and above the BID levy, although sourcing new income remains increasingly challenging. This sourcing of funding is beginning to change with the abolishment of the regional government tier which will see tail-end funding end this year and a greater reliance placed on local and national government as key funding sources. This could be problematic in terms of the ongoing squeeze on public finances, necessitating BIDs to become more innovative and expansive in their search for additional income sources. There has been some evidence of public services being reduced/terminated, in particular street cleansing and park services. There is also an increasing indication that BIDs are taking on more service provision with a doubling of last year's service provision figure. This remains mainly in the marketing and events, crime prevention and cleaning services areas, with the service and accompanying budget transferred to the BID.

Chapter 4 also highlights that at an individual BID level there has been the emergence of three clear categories, notably 1st term BIDs, advanced 1st term BIDs and renewed BIDs, with the income generation capabilities significantly increasing alongside BID maturity. Ratio analysis of additional income relative to BID levy income across City/Town Centre BIDs illustrates that the BID model continues to create a positive multiplier effect and increases the revenue generation capacity of BID areas. Interestingly, this year's survey also presented evidence of investment leverage, with a positive combined income to investment ratio of 1:1.07 returned for City/Town Centre BIDs. This investment potential of BIDs over and beyond the BID company bank account provides further evidence of BIDs helping generate wider regeneration impacts. Furthermore, the wider role of BIDs in areas such as tourism and the possible introduction of Tourism BIDs, or TBIDs as they are being referred to, demonstrates the further potential of BIDs to expand beyond the traditional BID model.

Chapter 5 explored the issue of innovation and presented proof that the majority of City/Town Centre BIDs continue to introduce innovative projects to help gain further funding or improve the efficiency of their commercial operations. This year's results suggest that BIDs are reducing their exposure to risk by diversifying their innovation projects across a number of areas such as marketing and events, crime prevention, environmental and carbon reduction, public realm, cleaning and transport. Whilst the chapter presents a clear outline of all areas of innovation there are some key emerging trends. Firstly, the introduction of audits as a key part of BID activity with crime and design audits, carbon audits and green infrastructure audits all undertaken as part of a strategic approach to BID service delivery. Secondly, the introduction of a number of fun family events and discounts or funded reductions in cost prices for transport and marketing purposes. This has helped stimulate footfall in City/Town Centres at a time when High Streets were feeling the pinch with customer spending reductions. Thirdly, although outside of the survey period, there is anecdotal evidence to suggest that the BIDs provided an essential co-ordination role during the recent civil unrest providing critical advice, support and guidance to business owners and the local community.

Chapter 5 also demonstrated a considerable increase in commercialisation activities particularly in waste management, energy and marketing and events where it is easiest to make quick commercial gains. A selection of these commercialisation activities included joint procurement initiatives providing discounts to BID payers, town centre promotional campaigns and discount cards and service provider partnerships to provide cheaper utilities. There is also evidence of some BIDs becoming more advanced in their commercialisation activities and building upon previous years experience, with this area likely to expand dramatically in the future as cost efficiency continues to be central to BID service delivery.

Chapter 6 focused on the response of both City/Town Centre and Industrial BIDs to the decentralisation agenda and Localism Bill. This chapter clearly outlined the key potential role that BIDs will play in delivering localism given their current local service provision responsibilities and how a number of BIDs are already considering their localism function. Engagement areas with bodies such as retail business crime partnerships, community safety partnerships, local authorities and neighbourhood planning forums already show high levels of BID involvement. However, BIDs will need to consider their residential engagement and Local Enterprise Partnership roles going forward as these areas have returned a variable response

across the BID population and both of these could become fundamental to the delivery of local area based projects.

Chapter 6 also outlined how BIDs will require a robust defence in responding to proposals contained within the Bill on policy matters concerning business rate changes, competing neighbourhood forum priorities and the community veto of business development plans in BID areas. However, recent dialogue amongst BID leaders has supported the decentralisation and localism agenda advocating the role of BIDs in leading localism locally and how they can perform a co-ordinating role for managing change. Embracing this new agenda in an open minded way is key to the evolving role of BIDs moving forward and may become a key proposal theme in many BIDs approaching renewal who wish to capitalise on this co-ordinating role to provide the multi-faceted structure needed for collaborative working and partnership building. Indeed, collaborative working across BIDs will require further action necessitating stronger communication linkages, open exchange of ideas, partnership arrangements and forging stakeholder relationships.

Town Centres have never been under so much review with high profile research such as the Mary Portas review into the future of the High Street and other reviews of High Street vacancy often painting a damning picture. However, while there is undoubtedly a long way to go before customer spending reaches a sustainable level that is conducive to High Street vitality there are some causes for optimism. The fact that town centres are gaining publicity through these high profile reports and government initiatives, such as the recent Scottish Town Centre Regeneration Fund or the Welsh Future of Town Centres Inquiry, shows that it is high up the political agenda. Furthermore, it provides the BIDs model with the opportunity to herald its previous achievements and potential future role in Town Centres as part of the best way forward. This survey report has demonstrated that City/Town Centre BIDs have once again provided clear support for the continuation of the BID model. It has also further highlighted the ongoing potential income generation, efficiency gains, innovation, policy impacts and investment creation that BIDs can deliver. Therefore the coming years could well provide vast opportunities for BIDs to usher in a new future vision for Town Centres and in so doing establish their role as the key conduit in local service delivery and town centre funding co-ordination. This relies on building upon past experiences and learning from the best practice of the BIDs model both locally and internationally.

8.2 Industrial BIDs

The Nationwide BID Survey 2011 this year devoted a specific chapter to Industrial BIDs in recognition of the increasing number and the growing maturity of BIDs within this cohort. Industrial BIDs are now accounting for nearly a quarter of the total BIDs population and are therefore becoming more significant in terms of their outreach impact. Chapter 7 highlights that Industrial BIDs are slowly becoming more efficient in their BID levy collection and this is starting to be rewarded by increased BID levy incomes. Over half of the Industrial BID sample currently faces no collection charge with unit costs as one might expect significantly lower than the City/Town Centre BIDs in the absence of a daily collection charge. The size of Industrial BIDs also tends to be significantly smaller than City/Town Centre BIDs and in general these follow the Industrial Park boundaries and therefore operate at full levy generation capacity. However a balance still needs to be maintained between the lack of a daily collection charge and the perceived cost savings on these collection charges to ensure that the maximum levy income can be achieved. There remains a more noticeable use of the variable rate amongst Industrial BIDs compared to City/Town Centre BIDs, reflecting the difference in scale and business type between the two BID categories.

Chapter 7 reveals that Industrial BIDs have this year become more proactive than last year in implementing innovative projects with a substantial increase in crime prevention, marketing and events and cleaning projects. Again as security is central to the effective operation of Industrial BIDs there was a high number of BIDs specialising in CCTV and ANPR cameras and wider mobile security patrols. Similar to City/Town Centre BID responses an increasing number of Industrial BIDs have attempted to commercialise their BID supplies and services, in particular within the waste management and recycling, energy costs and insurance areas. Projects in these areas are returning rewards on the same level as their City/Town Centre counterparts despite significantly fewer resources.

The additional direct income from Industrial BIDs has increased for this year primarily due to more Industrial BIDs responding to the survey, as reflected by the actual average additional income decreasing by over a third on last year. Industrial BIDs are less risk diverse than their City/Town Centre BID counterparts with the number of sources of income concentrated around 1-2 streams compared to 2-5 streams in City/Town Centre BIDs. This potentially places Industrial BIDs at more risk of future funding shortages especially with a continuation of the central government funding contraction they suffered this year, necessitating Industrial BIDs to become more enterprising and innovative in sourcing additional income.

Chapter 7 illustrates that the average leverage obtained by Industrial BIDs as demonstrated by the levy-income ratio was positive, with a ratio of 1:0.28, which compares favourably with the City/Town Centre ratio of 1:0.35. A positive investment leverage ratio of 1:0.26 was also returned but as expected this is much reduced on the City/Town Centre BIDs investment leverage potential. Industrial BID investment, whilst small, is best suited to improving the local environment, transport infrastructure and crime prevention rather than the wider regeneration issues dominating City/Town Centre BIDs. As in the case of the City/Town Centre BIDs, the Industrial BIDs have been affected by Council termination of public services. However, Industrial BIDs have taken on less responsibility for delivering these services in their BID area.

Industrial BIDs, whilst not having the resources or policy impact to influence in the same way as City/Town Centre BIDs, still demonstrate significant additionality to their BID areas. They continue to be dominated by security driven solutions although there is evidence of wider innovation in other areas, particularly their commercialisation activities. The increasing number of Industrial BIDs and the maturity of the renewed BIDs in this area will enable this specialist BID type to gain greater exposure and ensure best practice can be established. This in turn will enable further in-class comparison that can better reflect the strengths of Industrial BIDs in their own right rather than perceived weaknesses when compared to the vastly different City/Town Centre BIDs.

8.3 Closing Statement

BIDs will continue to play an important role in terms of innovative local service delivery and the co-ordination of funding in response to public sector finance efficiencies and ongoing policy changes. The strength of the BID model continues to grow especially as BIDs reach maturity and the lessons learnt from these renewed BIDs get fed back into the wider BID community. However the dynamic nature of BIDs will become increasingly tested through a continued squeeze on public spending and the changing investor risk profile which will see only the most robust business plans gain additional funding. This income generation and the wider investment potential of the BID model needs to be safeguarded and supplemented where necessary by complementary financing models such as TIFs and Local Asset Backed Vehicles (LABVs) to ensure town and city centres maximise their regeneration delivery capabilities. However, it is clear that the BID model continues to deliver and while this is still the case then the benefit of this Business Improvement District approach will stand up to scrutiny.



Appendix 1

Listing of all BIDs in UK and Ireland and their Survey Responses Categorised by BID Type, Status and Response Over the Last Two Years

BID Name	BID Category	2010 Response	2011 Response
Albion Business Consortium*	Industrial	x	
Alloa Town Centre BID	City/Town Centre		x
Altham BID*	Industrial	x	x
Angel BID	City/Town Centre	x	x
Argall BID	Industrial	x	x
Astmoor BID	Industrial		x
Barnstaple Town Centre Management	City/Town Centre		x
Bathgate BID	City/Town Centre	x	x
Bayswater BID	City/Town Centre	x	x
Bedford BID*	City/Town Centre	x	
Beeston BID	City/Town Centre		x (NB)
Better Bankside*	City/Town Centre	x	x
Birmingham Broad Street BID*	City/Town Centre		x
Birmingham Retail BID	City/Town Centre		x
Birmingham Southside	City/Town Centre		x
Blackburn EDZ BID	Industrial		x
Blackpool South Shore BID	Industrial		
Blackpool Town Centre BID Ltd*	City/Town Centre		
Bolton Industrial Estate*	Industrial	x	x
Boston BID	City/Town Centre	x	x
Brackmills Industrial Estate BID	Industrial		
Brighton BID Ltd*	City/Town Centre	x	x
Bristol Broadmead BID*	City/Town Centre	x	x
Bury St Edmunds	City/Town Centre	x	x
Camden Town Unlimited*	City/Town Centre	x	x
Cannock Chase BID	Industrial		x
Canterbury Industrial Estate BID	Industrial		
Cater Business Park	Industrial		
Clacksfirst	Industrial		x
Clarkston BID	City/Town Centre		
Colmore Business District BID	City/Town Centre		x
Coventry City Centre*	City/Town Centre	x	x
Cowpen BID	Industrial		
Croydon Town Centre BID	City/Town Centre	x	x
Daventry BID	City/Town Centre	x	x
Derby Cathedral	City/Town Centre		
Dorchester BID Company Ltd	City/Town Centre	x	x
Dublin City BID Company Ltd	City/Town Centre		x
Dundalk BID	City/Town Centre		x
Dunfermline BID	City/Town Centre		
E11 (Leytonstone) BID	City/Town Centre	x	
Ealing Broadway BID*	City/Town Centre	x	x
Elgin BID	City/Town Centre		
Erdington Town Centre Partnership BID	City/Town Centre		
Essential Edinburgh	City/Town Centre	x	x
Falkirk BID*	City/Town Centre	x	x
Falmouth BID	City/Town Centre	x	
Future Bath Plus	City/Town Centre		x (NB)
Garratt Business Park	Industrial	x	x
Great Yarmouth BID*	City/Town Centre		x
Hainault Business Park*	Industrial	x	x
Halebank Industrial Estate BID	Industrial		
HammersmithLondon*	City/Town Centre	x	x
Hams Hall BID	Industrial		
Heart of London*	City/Town Centre	x	x
Hinckley BID	City/Town Centre	x	x

* = Renewed BID NB = New BID



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BID Name	BID Category	2010 Response	2011 Response
Hinckley BID	City/Town Centre	x	x
Hitchin BID	City/Town Centre	x	
Hull BID	City/Town Centre	x	x
Ilford BID	City/Town Centre		x
inmidtown*	City/Town Centre	x	x
inSwindon	City/Town Centre	x	x
Inverness BID	City/Town Centre		x
Ipswich Central	City/Town Centre	x	x
Kimpton Industrial Park	Industrial	x	x
Kings Heath BID	City/Town Centre		x
Kingston First*	City/Town Centre	x	x
Kirkcaldy BID	City/Town Centre		x
Lancing Business Park BID	Industrial		x
Langthwaite BID	Industrial		
Lincoln BIG BID	City/Town Centre	x	x
Liverpool City Central BID	City/Town Centre		x
London Riverside BID	Industrial	x	x
Longhill & Sandgate Industrial Area BID	Industrial		x
Mansfield BID	City/Town Centre		x
New West End Company*	City/Town Centre	x	x
Newcastle BID	City/Town Centre	x	x
Newquay	City/Town Centre		x (NB)
Northampton	City/Town Centre		x (NB)
Nottingham Leisure Partnership	City/Town Centre	x	x
Nottingham Retail	City/Town Centre		x (NB)
Oldham BID	City/Town Centre		x
Paddington*	City/Town Centre	x	x
Paignton	City/Town Centre		
Park Royal	Industrial		
Plymouth BID*	City/Town Centre	x	x
Preston BID	City/Town Centre		
Reading UK*	City/Town Centre	x	x
Royal Leamington Spa	City/Town Centre	x	
Royston First	City/Town Centre	x	x
Rugby*	City/Town Centre	x	x
Segensworth	Industrial		x
Skipton Gateway to the Dales	City/Town Centre	x	x
Sleaford (East Midlands) BID	City/Town Centre	x	
Solihull BID	City/Town Centre		x
Southern Cross Industrial Estate	Industrial		
Stratford-upon-Avon BID	City/Town Centre	x	x
Swansea BID*	City/Town Centre	x	x
Taunton BID	City/Town Centre		
Tavistock	City/Town Centre		
Team London Bridge*	City/Town Centre	x	x
Torquay	City/Town Centre	x	x
Totally Truro	City/Town Centre	x	x
Victoria BID	City/Town Centre	x	x
Waterloo Quarter Business Alliance*	City/Town Centre	x	x
Wellingborough BID	City/Town Centre		
Willow Lane	Industrial	x	x
Winchester BID	City/Town Centre	x	x
Winsford 1-5 BID*	Industrial		x
Witham	Industrial		
Worcester BID	City/Town Centre	x	x
Worthing BID	City/Town Centre	x	x
Total	£1,850,578	60	82

* = Renewed BID NB = New BID

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