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3 **Business Improvement Districts in the UK: A Review and Synthesis**
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9 **Abstract**

10 *Purpose* – The purpose of this paper is to review the development and current position of Business
11 Improvement Districts (BIDs) in the UK, drawing on the content within *A State-of-the-Art Review of*
12 *Business Improvement Districts in the UK: Setting the Agenda for Policy, Practice and Research*,
13 commissioned by The BID Foundation, and produced by members of the Institute of Place
14 Management.
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17 *Design/Methodology/Approach* – The paper is divided into seven main sections. The first section
18 defines the concept of BIDs, outlines their process of establishment, and provides a brief critique of
19 BIDs from the academic literature. Second, the process of introducing BIDs into the UK is discussed.
20 Third, the different types of BIDs that currently exist are detailed. The fourth section outlines the
21 development of BIDs since their introduction in 2004. Fifth, an analysis of BID ballots is provided,
22 involving details of ballot results, demonstrating a general improvement as BIDs develop over time.
23 The sixth section comprises a discussion of unsuccessful ballots and BID terminations. The paper
24 concludes with a brief analysis of issues facing BIDs in the UK, looking into the future.
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27 *Findings* – The paper contains three main empirical contributions: first, a numerical analysis of the
28 different types of BIDs in the UK; second, a timeline of their development from 2005-2018; and
29 third, a statistical analysis of BID ballot results over this period, with an indication of the numbers of
30 unsuccessful ballots and BID terminations.
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33 *Originality/value* – This paper provides the first comprehensive overview of BIDs in the UK detailing
34 development and performance (e.g. ballot results) in the 15 years since their introduction.
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36 *Keywords* – Business Improvement Districts; BIDs; UK; BID Types; BID Ballot; BID failure
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38 *Paper type* – General Review
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Introduction

Following the commencement of the first Business Improvement District (BID) in Kingston-upon-Thames in January 2005, BIDs have become an important part of the formal infrastructure of place management in the UK, as well as being significant organisers of events/festivals - of all kinds, from cultural festivals to Christmas markets - within their spatial jurisdictions. However, notwithstanding their increasing significance, there remains a paucity of academic literature concerning the subsequent development of BIDs. The aim of this paper is to address this lacuna by reviewing the development of BIDs over the last 15 years, to consider how they have become an integral element of place management practice in the UK. Indeed, there are now over 300 such organisations operational across the length and breadth of the UK, most of whom will be responsible to some degree for planning and implementing events - and other place-based initiatives - within their locale.

This paper draws on information detailed in the recent *State-of-the-Art Review of Business Improvement Districts in the UK* (see Cotterill et al., 2019) commissioned by The BID Foundation. The extant literature on BIDs is somewhat fragmentary and limited in scope - as well as spread across a number of academic disciplines. Consequently, there is no one 'definitive' source outlining how the BID concept has become the pre-eminent town/city centre management organisational mechanism in the UK. The 'state-of-the-art' review, from which this paper is drawn, seeks to address this deficiency, by providing a comprehensive overview of BIDs development and diffusion across the UK, which analyses BID ballot results (and details the means by which relevant data - which also inform this paper - were generated), and concludes by identifying an agenda for policy, practice and research within the context of BIDs.

We begin by defining BIDs and propose a conceptual model of the life cycle of an individual BID. The events leading to their introduction, initially into England and Wales and subsequently into Scotland and Northern Ireland, are outlined. The paper then discusses the different types of BIDs that currently exist, and analyses their development trajectory, from 2005 to the end of 2018 (the time-period covered by the 'state-of-the-art' review, when 303 BIDs were in existence), introducing the notion of a possible BID *industry* life cycle. We next analyse the results of the ballots by which the mandate for individual BIDs is established (and periodically renewed through re-ballots). Whilst the story of BID development in the UK is generally one of success, there are some locations where ballots/re-ballots have been unsuccessful. We thus turn our attention to analysing the reasons for such 'failure' of certain BIDs. The paper concludes by considering how BIDs may develop into the future, in light of the changes currently impacting traditional retail centres.

What are BIDs? Definitions, processes, and critiques

Whilst there is no single definition of BIDs over which there is consensus (Hoyt, 2004; Ward, 2007), Ward (2007: 658) states, "it is possible to discern some generally agreed characteristics", including:

- A mechanism (in the form of a levy) whereby relevant property/business owners elect to make a collective contribution (for a specific period of time) to secure private capital to fund activities within a designated commercial area in order to improve its attractiveness;
- The existence of a clearly delineated spatial remit;
- A partnership *modus operandi* between public and private sector actors.

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3 The BID concept *per se* is generally made possible by act of consent by the local authority(ies) for the
4 area in which it will operate (see Briffault 1999, Local Government Act, 2003). Once such an act of
5 consent is granted, Ward (2007) further explains that the generic process of establishing an
6 individual BID involves the canvassing of local business opinion as to its desirability, followed by a
7 vote on whether to establish the BID. Assuming this vote is positive, a management structure
8 comprising representatives of relevant stakeholder constituencies is created, and a strategy
9 developed. Ward summarises the different types of strategies that can be developed (and reviewed
10 on a regular basis) as follows:
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- 12 • Physical infrastructure - i.e. capital improvements, economic development, area
13 maintenance;
- 14 • Promotional infrastructure - i.e. marketing to place users and other consumers, and policy
15 advocacy;
- 16 • Surveillance infrastructure - i.e. public space regulation and security.
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20 This generic process can be conceptualised as a number of stages in a 'life cycle' process of the
21 development and (possible) cessation of an individual BID, namely: *Interest*, *Feasibility*, *Ballot*,
22 *Delivery*, and *Renewal or Disband*, which is outlined in Figure 1 below:
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28 INSERT FIGURE 1 HERE
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31 At the *Interest* stage, a group of potential levy payers in a location spend time building their
32 knowledge and understanding of the BID concept *per se*. This stage provides an opportunity to
33 gauge interest in the principle of a BID, perhaps identify possible priorities of action, and establish
34 the proposed boundary of the BID.
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37 Assuming there is enough initial interest at the *Feasibility* stage, the potential levy payers need to
38 develop a more extensive, in-depth analysis of the issues facing the area. This involves working out
39 how the BID might be operationalised (i.e. establishing the levy rules, and the priorities the BID will
40 focus on), in addition to developing a sufficient critical mass of support for the BID. At this and
41 subsequent stages, a BID consultant may also be engaged to help with the activities detailed above
42 (a number of companies undertake feasibility and development support for BIDs, guiding them at
43 first and renewal ballots, as well as providing ongoing support and project management, or in some
44 cases a full BID management service throughout the life cycle). Depending on the results of the
45 feasibility study, the BID may begin a consultation process with stakeholders on its project delivery,
46 before finalising the proposals ahead of a ballot.
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50 At the *Ballot* stage, a suitable proposal should have been developed, and enough support
51 engendered, to gain at least 50% of 'yes' votes (by both number of levy payers and the rateable
52 value they account for) to support the BID going ahead in the locale. If the ballot is successful, the
53 BID can then be established and the *Delivery* stage begins. Here, the business plan constituting the
54 BID's mandate to operate is implemented. As noted above, the activities included in business plans
55 could relate to factors such as improving physical infrastructure, enhancing security within the area,
56 and marketing/promotion of the area.
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59 Near the end of its typical five-year term, the BID may seek to continue its mandate through another
60 ballot, putting forward a new business plan for approval (or not, as the case may be) by levy payers.

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If successful, the BID begins to implement this new business plan. However, sometimes BIDs may not get this *Renewal* mandate because of failure in this ballot, or, in a very small number of cases, may *Disband* mid-term, or not seek re-election.

The generic process outlined above, however, masks significant variations in detail, with differences in specific regulation across - and indeed within - different countries, and in some cases, localities (Hoyt and Gopal-Agge, 2007; Ward, 2007). For example, within the UK, there are some specific differences in BID regulation in Scotland and Northern Ireland, when compared to England and Wales. Specifically, in Scotland and Northern Ireland, there is a turnout threshold for BID ballots, where at least 25% of eligible levy-payers must vote. This was an issue raised when BIDs were first introduced in England, but was rejected by government as it was believed “thresholds can have perverse consequence”, with people seeking to use their vote tactically (New Local Government Network, 2003; online). However, the UK government did encourage BIDs to design schemes that would maximise turnout in ballots. Indeed, it was keen to ensure a “flexible legal framework”, which enabled each BID to be different (dependent on particular circumstances), and which was also aimed at improving the local business environment (*ibid*). Likewise, Steel and Symes (2005: 325) emphasise that there “is certainly no ‘one size fits all’ approach” to BID creation and governance, further suggesting that this flexibility is one of the “strong points” (*ibid*) of BIDs.

However, BIDs have been the subject of some criticism in the academic literature; De Magalhães, for instance, states that, “the apparent success of BIDs as suggested by their rapidly expanding numbers should not obfuscate the complex and contentious issues that are associated with them” (2014: 917). He further identifies three main issues emerging from the debates that have occurred about the role of BIDs as public realm governance mechanisms. First, the extent to which BIDs represent the privatisation of the governance of public spaces (De Magalhães, 2014 – see also Steel and Symes, 2005). Indeed, BIDs could be regarded as an aspect of the increasing privatisation in urban development policy, where they represent a partial transfer of the delivery of public services to private sector actors. Critics see this increased involvement of the private sector in urban management as part of a trend towards the greater privatisation of public space (see Minton, 2009), with BIDs complicit in the over-regulation of public space, through for example, the provision of supplemental security and maintenance services (Hoyt and Gopal-Agge, 2007).

Second, there is debate concerning the democratic accountability in the consequent decisions involving the public realm (De Magalhães, 2014). Steel and Symes (2005: 326), for example, articulate a range of “potential problems with BIDs”, in particular relating to their democratic accountability, operational factors, such as “who pays how much and who gets to decide how the money raised is spent” (*ibid*: 327), and, linked to this, voting structures within individual BIDs. Similarly, Hoyt and Gopal-Agge (2007: 951) are concerned with the extent to which BIDs may be “less than democratic in their structure and operation”.

The third issue relates to the potential exacerbation of interlocal inequalities in the provision of public services (De Magalhães, 2014). Here, ability to pay may become a determinant of both quantity and quality of services provided, arising from the inevitable concentration of efforts and resources generated from levy payments within BIDs’ spatial boundaries (Hoyt and Gopal-Agge, 2007). Another set of related criticisms surround the inequalities that BIDs may produce, such as the unforeseen consequences of associated “indirect costs” or “spillover effects”; in other words, the displacement of crime and other problems (such as the provision of support for homeless people) to areas outside their service boundaries (Hoyt and Gopal-Agge, 2007: 951).

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3 However, despite this critical perspective from some academic sources, in the UK BID's have become
4 an important means by which urban space is managed. Indeed, Hemphill et al. (2014: 681) state that
5 BID's "have become the favoured model for cost-effective local service delivery in the UK" since their
6 introduction in the early 2000s. We now outline the process by which this introduction occurred.
7

8 **Introducing BID's into the UK**

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10 Peyroux et al. (2012) describe BID's as a 'travelling concept'; and we will now explore their journey to
11 establishment within the UK context. From their origins in North America and Canada (see Briffault,
12 1999), BID's have been adopted in various countries, including New Zealand, South Africa, the
13 Netherlands, Germany, and - of particular relevance to our paper - the UK. Ward notes the countries
14 that have adopted BID's most readily are those most often associated with neoliberal reforms in
15 terms of governance, suggesting that in these countries BID's are presented "as solutions to the
16 failures of past policies and practices of the state" (2007: 667).
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19 Indeed, it could be argued the introduction of BID's into the UK was seen by many as a means of
20 overcoming some of the perceived deficiencies in alternative types of urban place management
21 initiatives, particularly town centre management (TCM) schemes. Peel and Lloyd (2008: 195), for
22 instance, view TCM as a stepping-stone towards BID's, describing TCM as "a precursor to what
23 works". Since the appointment of the UK's first 'town centre manager' in 1987 (Wells, 1991), the
24 TCM concept grew through the 1990s, with approximately 230 schemes in existence by 1999
25 (Association of Town Centre Management [ATCM], 1999). By the time legislation to enable BID's was
26 passed, it was suggested there were up to 450 town centre managers and TCM schemes operative in
27 the UK (Hollins, 2004). However, a key issue with TCM was the voluntary nature of participation and
28 funding (see Medway et al., 1998, 1999, 2000), which led to concerns regarding its sustainability in
29 many locations. Warnaby and Medway (2006), for example, suggest that the ability of TCM schemes
30 to plan and implement effective marketing activities was arguably compromised by funding
31 discontinuity and the related issue of 'free-riding' (i.e. the majority of urban stakeholders who enjoy
32 the benefits arising from TCM activities do not typically contribute to them). BID's, therefore, were
33 regarded by many as a means of overcoming some of the inherent problems arising from the
34 essentially voluntary nature of stakeholder participation in TCM.
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40 From the early-1990s onwards, there was increasing interest in developing BID's in the UK (see
41 ATCM, 1997; Shutt et al., 1999). The Corporation of London, for example, commissioned a report
42 that looked at the experience of New York BID's and how this might be applied in London (Travers
43 and Weimar, 1996). This initially led to a modification to the London Local Authorities Bill (1997)
44 supporting the introduction of BID's within London; however, this addition was later withdrawn
45 following concerns from some boroughs (Hansard, 1997). Following this, Lord Jenkin of Roding
46 introduced a Private Members Bill in 1997, drawing on work undertaken by the ATCM and the
47 Association of London Government, to allow BID's to set-up across the UK (Hansard, 1997); yet, this
48 bill was also unsuccessful.
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51 It was arguably the renewed focus of urban policy introduced by the New Labour Government that
52 ultimately led to the introduction of BID's in the UK (Ward, 2011). To develop effective regulations,
53 and to further support the development of BID's in England, the newly established department of the
54 Office of the Deputy Prime Minister (ODPM) commissioned the (then) Association of Town Centre
55 Management to lead a National BID Pilot Project. This project involved first putting out a call for
56 potential pilot locations, which subsequently received over 100 expressions of interest (Ward, 2011).
57 Twenty-two locations were selected to become part of the pilot, and representatives from these
58 places were then taken on a study tour to see US BID's in operation, attended workshops and
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3 received briefings, and were supported through the aforementioned stages of BID development (as
4 detailed in Figure 1 above). The pilot towns and ATCM worked with ODPM to draft regulations that
5 worked in practice. Also feeding into the development of the regulations was The Circle Initiative: a
6 £4.6m Single Regeneration Budget-funded pilot scheme in five areas of central London, which was
7 later passed over to the London Development Agency¹.
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10 In 2001, a government White Paper - *Strong Local Leadership: Quality Public Services* - set out the
11 principles behind the proposed legislation to allow the operation of BIDs in England and Wales,
12 emphasising flexibility in order to permit the development of individual BIDs to be responsive to
13 local circumstances, and aimed at improving the local business environment. Indeed, BIDs were
14 promoted by Nick Raynsford (the then Minister of State in ODPM) as a “model for economic
15 renewal” (NLGN, 2003: online). The primary legislation to enable BIDs in England and Wales was
16 included in the Local Government Act 2003, with subsequent detailed regulations outlining
17 procedures for their establishment and management introduced through the Business Improvement
18 Districts (England) Regulations 2004 (SI2004/2443) and in Wales, through similar regulations
19 published in 2005. Whilst a localised statutory instrument is in place for Wales, the legislative detail
20 is the same as for England.
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24 In Scotland, on the other hand, the necessary legislation to establish BIDs came into effect in 2007,
25 initiated by the Scottish Government, primarily as a regeneration tool for town and city centres. A
26 group of pathfinder BIDs (with the objective of testing the BID concept and its applicability in
27 Scotland) were supported via ‘BIDs Scotland’: an in-house government department, which at the
28 time was charged with setting up BIDs. Seed-corn funding of £20,000 per location was subsequently
29 issued and this government-funded programme ran until 2018, until it was then disbanded and
30 recreated as Scotland’s Improvement Districts, run as part of the Scotland’s Town Partnerships. BIDs
31 were thereby introduced in Scotland through various pieces of legislation (i.e. Part 9 of The Planning
32 etc. (Scotland) Act 2006; Business Improvement Districts Levy Order 2007; The Business
33 Improvement Districts (Scotland) Regulations 2007; The Business Improvement Districts (Ballot
34 Arrangements) (Scotland) Regulations 2007; The Business Improvement Districts (Scotland)
35 Amendment Regulations 2007 No. 510; and The Business Improvement Districts (Scotland)
36 Amendment Regulations 2008 No. 359). The main differences in the Scottish BIDs legislation - when
37 compared to that of England and Wales - is the need to achieve a 25% turnout in ballots, in addition
38 to the opportunity to include property owners and occupiers (who are the sole constituency in
39 England and Wales) as levy payers.
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44 It was not until 2013 and 2014 that BIDs were introduced in Northern Ireland, with The Business
45 Improvement Districts Act 2013, The Business Improvement Districts (General) Regulations
46 (Northern Ireland) 2014, and The Business Improvement Districts (Miscellaneous) Regulations
47 (Northern Ireland) 2014. The primary legislation is similar to that in Scotland as it includes a
48 provision for a minimum 25% ballot turnout. However, as in England and Wales, the BID levy is
49 payable by occupiers only.
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52 **Types of BIDs**

53 As noted above, BIDs were designed to be sensitive to the needs of individual groups of businesses
54 (particularly those property occupiers who are liable for the BID levy) and the specific locations in
55 which they exist, rather than constituting a prescriptive ‘one size fits all’ approach. Consequently,
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59 ¹ [https://www.london.gov.uk/what-we-do/business-and-economy/supporting-business/about-
60 business-improvement-districts](https://www.london.gov.uk/what-we-do/business-and-economy/supporting-business/about-business-improvement-districts))

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3 this can make comparison and evaluation of BIDs somewhat complicated, and it is thus important to
4 utilise appropriate criteria for categorising the different types of BIDs that exist in the UK. Here, two
5 methods to group - or classify - BIDs are used: first, we utilise the precise legal form of the BID as a
6 means of classification; and second, we use BIDs' own self-definition of the type of BID they are.
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8 *Legal definitions*

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10 The legal classification approach identifies four different categories of BIDs: *property-occupier BIDs*,
11 *property-owner and occupier BIDs*, *property-owner BIDs*, and *cross-borough BIDs*.
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13 The vast majority (98.3%) of BIDs in the UK are property-occupier BIDs, where the business that
14 occupies the property in the BID area pays the levy (i.e. the eligible ratepayer). Such BIDs vary in size
15 and scale, as they represent a diversity of places. The smallest BID, in terms of turnover, is currently
16 £17,500 and the largest is £4,100,000. The mean average turnover is £393,386 but the standard
17 deviation is 445,171, thereby demonstrating that a 'typical' property-occupier BID is a misnomer.
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20 The other legal types of BIDs either constitute a handful of examples (i.e. property-owner, and
21 property-owner and occupier BIDs), or only exist in theory (i.e. cross-borough BIDs). Since 2014 in
22 London, BIDs can be established where it is property *owners* only who pay the BID levy. However, in
23 line with the underpinning Business Rate Supplement legislation, the property-owner BID has to be
24 'overlaid' on a property-occupier BID.² Currently there are only three locations with property-owner
25 BIDs: the New West End Property BID, Leicester Square, and St James & Piccadilly. Recently, in 2018,
26 the Business Rate Supplement has been extended to four other English Combined Authority areas so
27 the number of this type of BID may grow in future. The option exists in Scottish legislation to
28 apportion the levy charge between owners *and* occupiers, as long as this is stated in the levy rules,
29 before the BID is established. By the end of 2018, there existed two Scottish BIDs that have actively
30 engaged property-owners in this way: Inverness City and Clacksfirst.
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34 In 2013, the English Regulations relating to BIDs were amended to enable 'cross-borough' BIDs.³ This
35 title is perhaps slightly misleading in that BIDs can (and do) operate across local authority boundaries
36 in all country jurisdictions, irrespective of this regulation amendment (see, for example,
37 Segensworth and Waterloo). The 2013 amendment merely allows for the combination of two or
38 more local authority areas (in England) into one set of BID arrangements (i.e. one ballot or one levy
39 collection/budget). However, despite this change in the regulations, by the end of 2018 no location
40 had used this legislation.
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43 *Self-definitions*

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45 As noted above, whilst in legal terms there are four forms of BIDs, the vast majority of BIDs are
46 property-occupier BIDs, which are very heterogeneous because, in practical terms, the flexibility in
47 the legislation allows BIDs to cover vastly different spatial areas and include (or exclude) different
48 sizes and types of businesses as levy payers. Consequently, it has become common practice for
49 property-occupier BIDs to self-identify depending on the dominant land-use within their
50 geographical area and the subsequent levy payers. This self-identification of BID type draws from the
51 following categories: *Town centre*; *Commercial*; *Industrial*; *Leisure*; *Retail*; *Tourism*; and *Other* BIDs.
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54 By far the largest of these self-identified categories is *Town centre BIDs* (78.7% - 235 BIDs), which
55 cover some or all of the core commercial area of a town/city centre. The second largest category is
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59 ² See <http://www.legislation.gov.uk/uksi/2014/3204/contents/made>

60 ³ See <http://www.legislation.gov.uk/uksi/2013/2265/contents/made>

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Industrial BIDs (10.3% - 25 BIDs), which are usually found in a defined industrial estate/area, or a designated business park. Although they vary in scale, generally they have fewer levy payers than town centre BIDs and have a smaller budget, and they can be very focused over a relatively small area. Smaller numbers of different types of BIDs also exist, including the following:

- *Commercial BIDs* (9 BIDs) - focused on commercial properties and offices in urban areas where the dominant land-use within the BID area is commercial, e.g. Team London Bridge.
- *Tourism BIDs* (9 BIDs) - usually spread over a larger geographical area. Unlike other types of BIDs, some tourism BIDs exclude certain types of levy payers, meaning that they are more *sector-focussed* than *place-focused*, e.g. English Riviera Tourism BID, Wight BID, and Yorkshire Coast BID.
- *Leisure BIDs* (4 BIDs) - focused on leisure and the evening economy. Similar to commercial BIDs, these BIDs are merely reflective of their dominant activity/use within their jurisdictional area, e.g. Birmingham Westside around Broad Street, Heart of London's Leicester Square, to Piccadilly Circus BID and All in Sauchiehall, Glasgow.
- *Retail BIDs* (4 BIDs) - whilst located in town/city centres, these BIDs have a more specific retail focus, reflecting their spatial remit within the retail core of the place in question, e.g. Retail BID Birmingham focuses the city's retail core and adjoins other BIDs that cover commercial and leisure areas of the city.
- *Other* (6 BIDs) - which do not fall into any of the above categories, perhaps because they focus on more than one business aspect within their respective boundaries, such as Liverpool Retail and Leisure BID. Furthermore, other BIDs are working towards promoting local products for the food and drink sector (e.g. East Lothian Food and Drink), or by focusing predominantly on placemaking initiatives within a broader geographical area (e.g. North Notts BID).

The growth of BIDs in the UK

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

INSERT FIGURE 2 HERE

The graph above (Figure 2; also see Cotterill et al., 2019) highlights a continuous growth of BIDs since their inception, manifested by a steady increase in new BIDs almost every year. From 2005, the first year that BIDs were operational in the UK (when 14 BIDs were established), the number of new BID starts per year has fluctuated between 10 (in 2010) and 43 (in 2016). This growth may reflect government initiatives, such as seed-corn funding and other programmes to encourage BID formation. The graph also displays negative figures from 2013–2018, which illustrates BIDs that have either failed at their renewal ballot or ceased operations mid-term (discussed later in this paper).

Despite the higher number of BID starts since 2012, recently, the number of new BID starts per year shows signs of declining. After the peak of 43 new BID starts in 2016, there were 31 new BID starts in 2017, and 28 in 2018. Notwithstanding earlier occasions where new BID starts in a particular year

were less than the previous year (i.e. in 2007, 2009-2010, 2013, and 2015), the fact that the number of new BID starts has been in decline since 2016 could suggest there is a trend towards decelerating speed of growth.

Another contributory factor in the current slow-down of growth in BID starts could be an increasing number of BIDs that are not successful at first ballot (this notion of BID 'failure' is further discussed later in this paper). To demonstrate, since 2016, figures drawn from Cotterill et al. (2019) suggest there were 10 failures at initial ballot, with a further BID never established despite a successful ballot result because of a legal challenge.

In order to better understand the current status of the UK BIDs industry, we can arguably draw on 'product life cycle' theory from the marketing discipline. This theory suggests that product offerings move through a sequential developmental pattern, including the following four stages: *Introduction*, *Growth*, *Maturity*, and, potentially, *Decline* (see Rink and Swan, 1979). Applying this concept to the context of the UK BIDs industry more broadly (in contrast to the discussion of life cycle stages of an individual BID highlighted earlier), the *Introduction* stage (following the pre-2005 initial development of BIDs and BIDs pilot scheme) took place from 2005 to 2010-11. This stage saw a gradual increase in new BID starts each year (as well as a handful of renewal ballots where the earliest BIDs achieved renewal). The *Growth* stage, from 2011-12 to 2016, experienced significantly higher numbers of new BID starts annually (albeit not in continuous annual increases), alongside much greater numbers of successful renewal ballots. One contributory factor relating to renewal ballots here was the shorter first terms of the first BIDs, usually from 2-3 years (as opposed to the five-year terms that are now the norm). As noted above, the pace of expansion has stalled somewhat since 2016, indicating that, whilst still growing, the BIDs industry is possibly entering the *Maturity* stage of the lifecycle.

Product life cycle theory also implies that life cycles can be extended almost indefinitely and, in the case of BIDs, this could potentially be seen, at the industry level, in the development of more niche 'sectoral' BIDs, as discussed above (e.g. Industrial, Tourism, and Leisure-oriented BIDs). In addition, new BIDs may start to form in smaller locations, as was the case in Scotland (Institute of Place Management, 2018). However, across the UK as a whole, no such trend relating to BID formation accelerating in smaller locations can be established. In 2005, there was a cohort of 14 'Big BIDs' established, with an annual levy of over £629,000 and an average number of over 500 hereditaments (i.e. the business units liable for non-domestic rates in the BID area). Since 2005, more BIDs have been established and this has included smaller BIDs; so the average annual levy and the average number of hereditaments has always been less than those associated with the first cohort of Big BIDs. However, Table 1 below shows there is no clear trend that the average annual levy or the number of hereditaments is falling.

INSERT TABLE 1 HERE

BID ballot performance

A fundamental factor determining the ability to set up (and renew) a BID, is success in the initial ballot of proposed levy-payers (and subsequent renewal ballots of this constituency to enable the BID's mandate to continue). Thus, any discussion of the development of BIDs perforce arguably has to analyse ballot results. Therefore, Figure 3 below indicates the results of BID ballots (for all types of BIDs) in first, second, third, and fourth terms, in relation to voter turnout, the percentage of levy-

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3 paying businesses voting ‘yes’, and the rateable value (RV) of businesses voting ‘yes’ in favour of
4 establishing a BID.
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8 INSERT FIGURE 3 HERE
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11 To test for statistically significant differences between first and subsequent ballots, ANOVA⁴ was
12 used to ascertain any significant differences in ballot results across three terms (see Cotterill et al.,
13 2019). The mean values (in %) and standard deviation (s.d.) of voter turnout, ‘yes’ votes by number
14 of businesses, and ‘yes’ by rateable value votes for the BIDs, which have been through three terms,
15 are displayed in Table 2 below.
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18 Results from the ANOVA test showed that there was a statistically significant difference in voter
19 turnout across the terms, with higher turnout in terms two and three⁵. There was also a statistically
20 significant difference in ‘yes’ votes with a higher percentage of ‘yes’ votes in term three⁶. Similarly,
21 the difference in ‘yes’ votes by rateable value is also statistically significant, with a higher percentage
22 of ‘yes’ votes in term three⁷. The standard deviations (s.d.) are relatively low, meaning that most
23 ballot results are close to the mean values (averages) presented.
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32 Comparing ballot results over three terms across the UK, all ballot results are improving. In general,
33 as a BID is elected, and subsequently re-elected, more levy payers actually vote, and vote ‘yes’ by
34 both majority of those voting and rateable value, indicating that generally local levy payers are more
35 aware of their BID, and more supportive of them, over time. These figures refer to all BIDs across the
36 UK; however, Cotterill et al. (2019) disaggregate this analysis by the constituent countries of the UK,
37 where there is some variation between different ballot results. For example, in Scotland, ‘yes’ votes,
38 by both number of businesses and rateable value, drop in the second ballot, whereas both increase
39 across the UK as a whole. Previous research into Scottish BIDs (Institute of Place Management, 2018)
40 found a significant difference in ‘yes’ votes between English (excluding London) and Scottish BIDs at
41 second ballot, and suggested that Scottish BIDs “subject to a second term may suffer from a loss of
42 momentum and confidence from businesses” (*ibid*: 7). Nevertheless, those Scottish BIDs going into a
43 third term are more successful, in ballot terms, and are close to the UK average.
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47 In general, therefore, BIDs are more popular as their terms progress, which signifies that they are
48 perceived as making a positive contribution to the levy payers and locations that they serve.
49 However, whilst the story of the development of BIDs in the UK is generally one of success, there are
50 a relatively small number of locations where ballots have been unsuccessful (either at the initial
51 ballot, or at a subsequent renewal ballot). We now move to discuss such BID ‘failure’ in ballots and
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54 ⁴ ANOVA tests are used to determine whether samples from two or more groups come from
55 populations with equal means; in other words, do the group means differ significantly (Hair et al,
56 2006).
57

58 ⁵ (F(2,74) = 4.18, p=0.019)

59 ⁶ (F(2, 106) = 7.37, p=0.001)

60 ⁷ (F(2,86)=20.62, p<0.001)

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3 also other scenarios, which have resulted in either non-commencement of a BID, or termination
4 mid-term or at term-end.
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6 **Unsuccessful ballots and BID terminations**

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8 It is difficult to be definitive as to the number of locations where BID 'failure' (however manifested)
9 has occurred, especially relating to failure at initial ballot (i.e. because of a lack of evidential data
10 sources as time progresses). However, based on a range of secondary sources generated via internet
11 searches (see Cotterill et al., 2019), our most accurate estimate of the number of instances of the
12 different types of unsuccessful ballot and termination, are shown in Table 3.
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17 INSERT TABLE 3 HERE
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21 The data suggests there have been a total of 74 unsuccessful ballot results, with a further 14
22 locations that either once had a BID but where this BID no longer operates, or where there has never
23 been an operational BID despite having a successful ballot result. Analysis of the sources used (see
24 Cotterill et al., 2019, for a detailed discussion), suggests that in general terms, BIDs that are not
25 established have not engaged significantly with levy payers, either to explain the BID concept, agree
26 the levy details, and/or formulate the business plan. Whereas, those that are not renewed have not
27 delivered sufficient value to a significant number of their levy payers.
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30 Those BIDs that disband may do so mid-term or at the end of a term. The most likely cause of a BID
31 disbanding (at mid-term or end of term) are concerns from levy payers about the operation/delivery
32 of the BID. However, some BIDs have also disbanded at the end of a term because stakeholders have
33 identified a more suitable structure to carry on the work of the BID. BIDs that have not gone out to
34 ballot for a further term have sometimes had legitimate reasons for doing so; reasons that, in one
35 way or another, represent the interests of the levy payers. These may be because the BID is no
36 longer needed as a structure for collaboration (as in the case of Southern Cross), or that the
37 geographical focus of the BID changes (as in the case of Torquay and Paignton). In other instances, it
38 is because the BID has not delivered adequate benefits to enough levy payers, and the levels of
39 negative feedback have suggested a renewal ballot is unlikely to be successful.
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44 **Conclusion: Fundamental issues facing BIDs in the UK**

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46 In this paper, we are - to use Hollander's (1986) analogy in relation to the study of retailing - looking
47 in the 'rearview mirror' to trace the development of BIDs in the UK and the current position of the
48 UK BID 'industry'. However, Hollander also notes that taking a historical perspective can inform
49 future industry development, suggesting that looking in "[a] rearview mirror might help us drive
50 forward" (*ibid*: 7). Thus, we conclude this paper with a brief assessment of the issues facing BIDs in
51 the UK both now and into the future, linking to areas for further research.
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54 As mentioned previously (and notwithstanding some of the issues relating to BID 'failure' described
55 above), the story of the development of BIDs in the UK is generally one of success. As far as
56 individual BIDs are concerned, this is often a result of dynamic individuals driving the process, and if
57 this success trajectory is to be maintained as the BID industry potentially 'matures', then developing
58 and promulgating effective governance structures and mechanisms more broadly within individual
59 BIDs should be a priority. Given the difficulties faced in finding information about some ballot results
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3 to inform the 'state-of-the-art' review, fully professionalising management arrangements in BIDs
4 would help ensure the existence of accurate and appropriate contractual documentation. Such
5 documentation includes business plans, levy rules and legal agreements (e.g. with local authorities)
6 so as to avoid any ambiguity - and potentially, conflict - in terms of activity scope and performance.
7 This would also facilitate performance management and evaluation. As suggested earlier, if the BID
8 'industry' is indeed maturing, then it is important to ensure Boards of Directors have the requisite
9 skills and competencies, and a very clear understanding of the responsibilities of BID governance.
10 Indeed, the topic of BID governance is one that would benefit from further, more detailed research
11 inquiry.
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15 Moving beyond individual BIDs to consider broader contextual factors that may impact on their
16 future development - and given the fact that 78.7% of BIDs are 'town centre' BIDs - then the
17 changing nature of retailing and resultant impact on traditional retail centres (see Millington et al.,
18 2015; Millington et al., 2018), will inevitably impact on BIDs. This is because, whilst many BIDs have a
19 diverse business base, retail is often fundamental to this base because of its importance to urban
20 economies. The changes that are happening to town centre retailing are well documented (see also,
21 Parker et al., 2017), and it is inevitable they will have an impact not only on the potential funding
22 base for many BIDs, but also the activities within the business plans which essentially constitute their
23 mandate to operate. Arguably, it will be those BIDs that are inclusive of all businesses types, and can
24 reach out to other important groups, such as residents, will be the ones that are better able to
25 navigate successfully through this changing environment. Detailed analysis of the activities
26 contained in BIDs' business plans (and how these activities develop over time) would be another
27 fruitful area for further research.
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31 An important aspect in determining future effectiveness will be the relationship between BIDs and
32 Government. In this paper, we have highlighted the role of government in the development of BIDs
33 in the UK, and this role will perhaps need to change from encouraging and facilitating the
34 development of individual BIDs, to an attempt to integrate BIDs into wider governance networks, or
35 consider their needs in the introduction of new policy initiatives. With economic and other policy
36 increasingly taking a place-based approach, BIDs can be an important element of this, given their
37 role in the development of effective local economic networks.
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Figure 1: The five possible stages of a BID

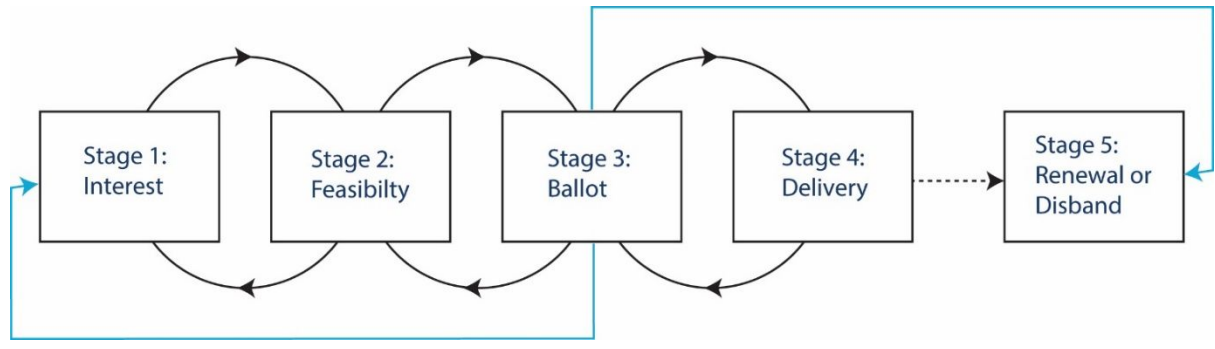
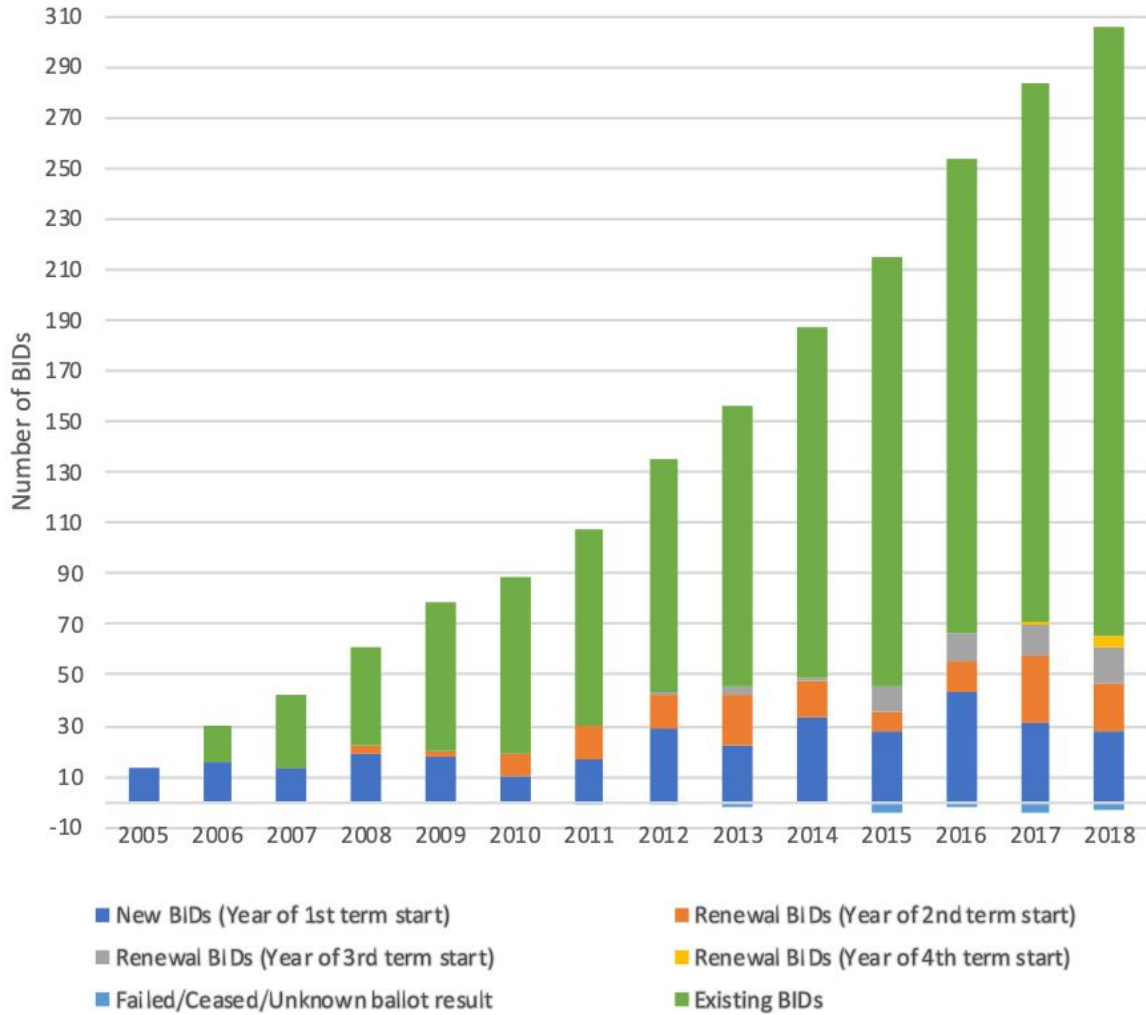


Figure 2: Number of UK BIDs by year



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Figure 3: BID Ballot results by term

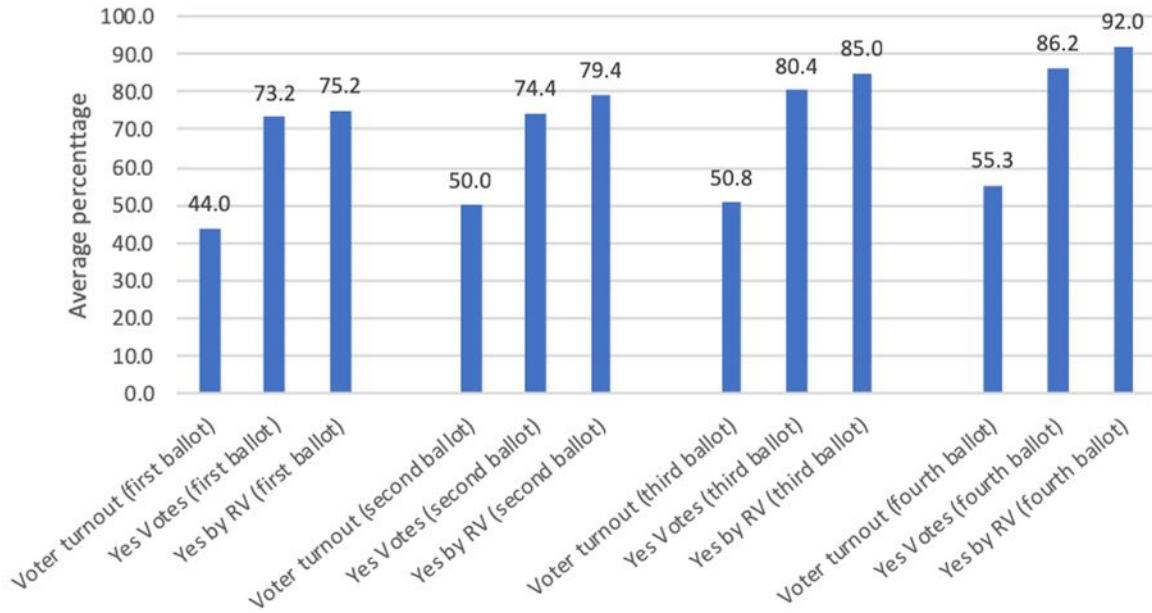


Table 1: Average number of hereditaments and levy income by year of BID establishment

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

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Table 2: Comparison of ballot results across three terms for all UK BID

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

Table 3: Descriptors and number of unsuccessful ballots and terminated BIDs

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

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