



The Role of Property Owners in Business
Improvement Districts
Second Phase Research Report



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The findings and recommendations in this report are those of the authors and do not necessarily represent the views or proposed policies of Communities and Local Government.

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Executive Summary

1. Communities and Local Government has commissioned York Consulting, in association with McCallum Layton, to undertake a four-year research project to support the Department in its assessment of whether property owners are sufficiently engaged in developing and contributing to Business Improvement Districts (BIDs) in England under the current legislative framework. In providing this support, the objectives of the research are to provide answers to the following five broad questions.

Drivers of property owner involvement

What evidence is available that property owners have successfully been involved in BID schemes and what has driven this involvement?

2. With the exception of industrial estates, where there is often a significant representation of owner occupiers and the issue of the involvement of property owners does not have anything like the resonance that it does in city/town centres, most BIDs established to date in England have involved property owners during both development and operation. In most cases, this involvement is in terms of membership of the BID Board (or equivalent group) and working groups, with owners making voluntary financial and in-kind contributions in a smaller (but still significant) proportion of BIDs.
3. However, the issue is not simply whether property owners have been involved at all in BIDs, but also the scale and significance of this involvement. Whilst there is evidence that there has been at least some property owner involvement in the development of most BIDs from an early stage, there are only a few cases where it can be said that owners as a stakeholder group were the key players in the initiation and development of BIDs.
4. The evidence shows that the current involvement of property owners is thinly spread and there is a wide variation between BIDs in terms of all aspects of this involvement. This means that it is not possible to talk about BIDs in general because they are no more a homogeneous group than property owners. At one end of the scale, there is Heart of London and New West End where property owners have been central to BID initiation, development and operation, and at the other end there are the industrial estates and town centre schemes such as Keswick and Rugby, where there has been little or no property owner involvement.

Types of involved property owner

What type of property owners have become involved in BID schemes? What evidence is available regarding how and why this varies across different types of BID scheme and its impact?

5. The evidence shows that only a small number of BIDs have attached any priority to making contact with a wide range of property owners. This reflects the focus of the current legislative framework on occupiers and the limited management and administrative resources possessed by BIDs.
6. This means that, although the involvement of property owners has been wider than just securing the continued involvement of owners from previous partnership initiatives (principally town centre management schemes), there has been a targeting of the larger or more visible owners that have strong links with, a commitment to, and an interest in the local area. As a result, all aspects of the involvement of property owners in BIDs are dominated by national property companies and, to a much lesser extent, UK financial institutions.

Sustainability of property owner involvement

What evidence is available regarding if and why the involvement of property owners is sustained over time?

7. Although there is no evidence available at present that the current level of involvement of property owners in BIDs is unsustainable, it would be incorrect to infer from this that it can be assumed, until any evidence is identified to the contrary, that the current voluntary approach to the involvement of property owners in BIDs is sustainable.
8. The current voluntary approach is best described as 'precarious' because support from owners, and particularly financial support, can disappear at any time for a variety of reasons, including cost cutting and a change in strategy by companies, a change of personnel and a change of ownership. The potential instability of this funding source makes it difficult for those BIDs in receipt of significant financial support from property owners to plan their expenditure beyond the current year and this is likely to encourage short term thinking at the expense of a longer term and more strategic view.
9. However, this is not an issue that is faced by all BIDs in England and there are a significant number for which the current voluntary approach to the involvement of property owners is, and is likely to remain, sustainable, but there are also a significant number of other BIDs where this is not the case.

10. There are risks attached to an evidence-based approach to the issue of sustainability because the only evidence will be a clear trend that the current level of support is draining away. However, by that stage it may, at least for some BIDs, already be too late to reverse the trend and the mechanism by which such a trend is going to be identified and communicated to the Department and an appropriate response made is not clear.

Significance of property owner involvement

What evidence is available regarding whether and why the involvement of property owners is key to the initiation, development and success of BID schemes?

11. The evidence shows that the involvement of property owners has been key to the initiation and the successful development and operation of some BIDs but not others. Examples of those BIDs where the involvement of owners has been key include Ealing Broadway, Heart of London, Kingston First and New West End, reflecting the fact that they:
 - are major retail, entertainment and commercial centres with high property values
 - have a concentrated pattern of property ownership, with a relatively small number of key players having a strong commercial interest in the future of the area
 - have a nucleus of major property owners with a track record of involvement in town centre management and other partnership initiatives
 - have an active engagement with strategic issues in relation to the long term development of the area
12. At the other end of the scale are BIDs in industrial estates and towns such as Bedford, Ipswich, Keswick and Rugby, where lower property values, a dispersed pattern of ownership and the scope of the BID agenda mean that the involvement of property owners is, and is unlikely to be, a significant issue.

Impact of property owner involvement

What differences, if any, are there between BID schemes where property owners are involved and those where they are not involved?

13. Other than those between industrial estate and town centre/district wide BIDs, the significant differences are not between BIDs where property owners are involved and where they are not, because owners are involved to some degree in most BIDs.

14. Rather, the differences are between those BIDs where the scale of involvement in terms of financial support and the active engagement of property owners mean that the latter are a key ingredient of success, and other BIDs where the involvement of property owners has not been the key to success. These differences are reflected, for example, in the size of the BID budget and the role of the BID in relation to strategic issues regarding the long term development of the area.

Conclusions

15. An assessment of whether property owners have been sufficiently involved in BIDs depends crucially on how 'sufficiency' is defined. If sufficiency is defined in terms of a level of property owner involvement that supports the initiation and development of a significant number of successful BID proposals, then the evidence from the Part 1 and Part 2 research suggests that this is being met.
16. However, the nature of the current BID funding regime has a significant influence on the scale and nature of property owner involvement, with the focus of BIDs being on developing proposals that will secure the support of business ratepayers in a ballot. Looked at in this way, the BID proposals which emerge are likely largely to be ones that do not depend on a substantial involvement of property owners.
17. Consequently, the observed involvement of owners will, by definition, be 'sufficient' because the BID proposals reflect a funding regime linked to business ratepayers. Similarly, the future achievement of BID objectives and targets would also not necessarily indicate sufficient property owner involvement in operation because these objectives and targets also reflect the nature of the funding regime. In other words, this is essentially a circular argument that reflects the absence of an objective measure of 'sufficient'.
18. This suggests that the judgement as to whether there has been sufficient involvement of property owners needs to give some consideration to the more difficult issues of the impact of current BIDs relative to what potentially could have been achieved with an alternative legislative framework in place, and the extent to which the development of BIDs has been constrained by the voluntary approach to the involvement of property owners. The limited and thinly spread involvement of property owners in BIDs to date and the geographical concentration of BIDs in London and industrial estates and medium/small cities and towns outside the capital provides the context for this consideration.
19. In all, the research suggests that property owners have had some involvement in most BIDs, but the scale and significance of this involvement has been limited in most cases and there are issues regarding its sustainability and replicability.

Chapter 1

Introduction

Background

- 1.1 On 24th April 2001, the Government announced its intention to introduce Business Improvement Districts (BIDs) in England and this proposal was included in the subsequent Local Government White Paper¹. Guidance was issued in January 2003 both to explain the framework within which BIDs would operate in England and to provide practical information for those wanting to establish a BID in their local areas. The Local Government Act 2003 set out the provisions underlying the BIDs policy and during 2004 there was consultation on draft regulations.
- 1.2 A BID is a partnership arrangement through which local authorities and the business community can take forward schemes that will benefit the local community. A BID can be established in any place where the business community identifies a need for additional services to those provided by the local authority. Business ratepayers, who have to agree to pay an additional levy on their rate bill to finance the BID, decide in advance on the way in which the money will be spent and how much additional rate they are prepared to pay.
- 1.3 An important difference between other countries where BIDs have been established and the UK is that, in the former, property taxes are paid by the owners, whilst in the latter they are paid by the occupiers. This means that there is not a direct financial link between property owners and local authorities in the UK and, under the current legislation in England, there is no statutory requirement for property owners to be involved in BIDs or for them to make a financial contribution. However, Government Guidance on BIDs in England recognises the importance of property owners and landlords being involved, on a voluntary basis, in the development and operation of BIDs, and of balancing the interests of owners and occupiers.

¹ Department of Transport, Local Government and the Regions, *Strong Local Leadership – Quality Public Services* (December 2001).

- 1.4 Property owners (and other organisations) are allowed to make financial contributions to the BID through:
- voluntary contributions that are written into the BID proposal on which ratepayers vote
 - negotiations with tenants, resulting in owners remitting some rent if the tenants support the BID
 - payments of the BID levy on behalf of tenants
- 1.5 Other ways in which property owners could be part of a BID scheme include the following:
- representation on the BID Board
 - involvement in BID working groups
 - promoting the BID scheme to other businesses
 - management of the BID
- 1.6 BIDs have also been introduced in Scotland and the primary and secondary legislation came into force in April 2007. A key difference between the legislation in Scotland and England is that in the former there is discretionary provision for BIDs to include property owners as well as occupiers in the ballot and levy arrangements. Prior to the legislative framework being in place, six pilot BIDs were established, partly funded by the Scottish Government, in Bathgate town centre, Edinburgh city centre, Falkirk town centre, Glasgow city centre, Inverness city centre, and business parks in Clackmannanshire (Alloa, Alva and Tillicoultry). Two of the six pilots, Inverness and Clackmannanshire, have included property owners in their ballot and levy proposals.

Terms of reference

- 1.7 The absence of a statutory requirement for property owners in England to be involved in BIDs or for them to make a financial contribution was the cause of considerable debate during the passage of the BIDs legislation through Parliament. Consequently, the Minister gave a commitment that the issue would remain under review and, specifically, that a study would be undertaken of the involvement of property owners in BIDs.
- 1.8 In this context, the then Office of the Deputy Prime Minister, now Communities and Local Government, commissioned York Consulting in association with McCallum Layton² to undertake a four-year research project to assist the Department in its

² McCallum Layton is responsible for undertaking telephone surveys of property owners involved in BIDs.

assessment of whether property owners are sufficiently engaged in developing and contributing to BIDs in England under the current legislative framework.

- 1.9 We have defined the involvement of property owners in BIDs as ‘membership of the BID Board or overall steering group, membership of working groups, or financial or in-kind contributions to the costs of BID development or operation’. Therefore, we have adopted a broad definition of ‘involvement’, although we review separately the evidence in relation to each of its constituent aspects. In the context of the study, it should be emphasised that making voluntary financial contributions is the critical aspect of this involvement.
- 1.10 In providing support to the Department, the objectives of the research are to provide answers to the following five broad questions:
- **Drivers of Property Owner Involvement** – What evidence is available that property owners have successfully been involved in BID schemes and what has driven this involvement?
 - **Types of Involved Property Owner** – What type of property owners have become involved in BID schemes? What evidence is available regarding how and why this varies across different types of BID scheme and its impact?
 - **Sustainability of Property Owner Involvement** – What evidence is available regarding if and why the involvement of property owners is sustained over time?
 - **Significance of Property Owner Involvement** – What evidence is available regarding whether and why the involvement of property owners is key to the initiation, development and success of BID schemes?
 - **Impact of Property Owner Involvement** – What differences, if any, are there between BID schemes where property owners are involved and those where they are not involved?
- 1.11 This second report has been produced following Part 2 of the research and builds on and updates the First Interim Report, which was produced following Part 1. Both the Part 1 and Part 2 research included surveys of BID Managers and property owners involved in BIDs and case studies of BIDs, whilst Part 1 also included background research. We have provided a summary of the study methodology in **Appendix A**.

Structure of the report

1.12 We have structured this Second Report in terms of the broad research questions highlighted earlier³:

- Drivers of Property Owner Involvement (**Section 2**);
- Types of Involved Property Owner (**Section 3**);
- Sustainability of Property Owner Involvement (**Section 4**);
- Conclusions (**Section 5**).

Acknowledgements

1.13 We are grateful to all those who have contributed to the study to date, including the representatives of organisations participating in the initial consultations, respondents to the Surveys of BID Managers and Property Owners, and those consulted during the two rounds of BID case studies. However, responsibility for the contents of this Second Report rests solely with York Consulting.

³ We have not included separate sections on either the significance or impact of property owner involvement because these issues are related to the evidence on the other broad research questions and hence have been addressed in those sections and in the conclusions of the report. Within the broad research questions we have sought, as far as possible, to outline the available evidence in relation to the Key Research Questions and Issues highlighted in the Research Specification.

Chapter 2

Drivers of Property Owner Involvement

Key Points

- **The nature of the current funding regime sets the context for the scale and nature of property owner involvement. The focus of BIDs has inevitably been on consulting with business ratepayers and developing proposals that will secure their support in a ballot, and not on involving property owners.**
- **The streamlined teams developing and managing BIDs have had to be highly focused in their efforts. Resources have generally not been available for either undertaking research into the structure of property ownership in the BID area or for supporting an extensive programme of contacts with the owners identified by such research.**
- **Only a small number of BIDs have attached any priority to making contact with a wide range of property owners. What they have done is to target owners already known through business relationships or involvement in other partnership initiatives and the larger or more visible owners that have strong links with, commitment to, and interest in the local area.**
- **Most BIDs have involved a small number of property owners as members of the Board and/or working groups during BID development and operation. It is unlikely that the level of this aspect of involvement would, in general, have been significantly higher whatever the nature of the BID legislative framework.**

Introduction

- 2.1 In this section, we discuss the evidence from the Part 1 and Part 2 research regarding whether property owners have successfully been involved in BID schemes and, if so, the drivers of this involvement⁴.

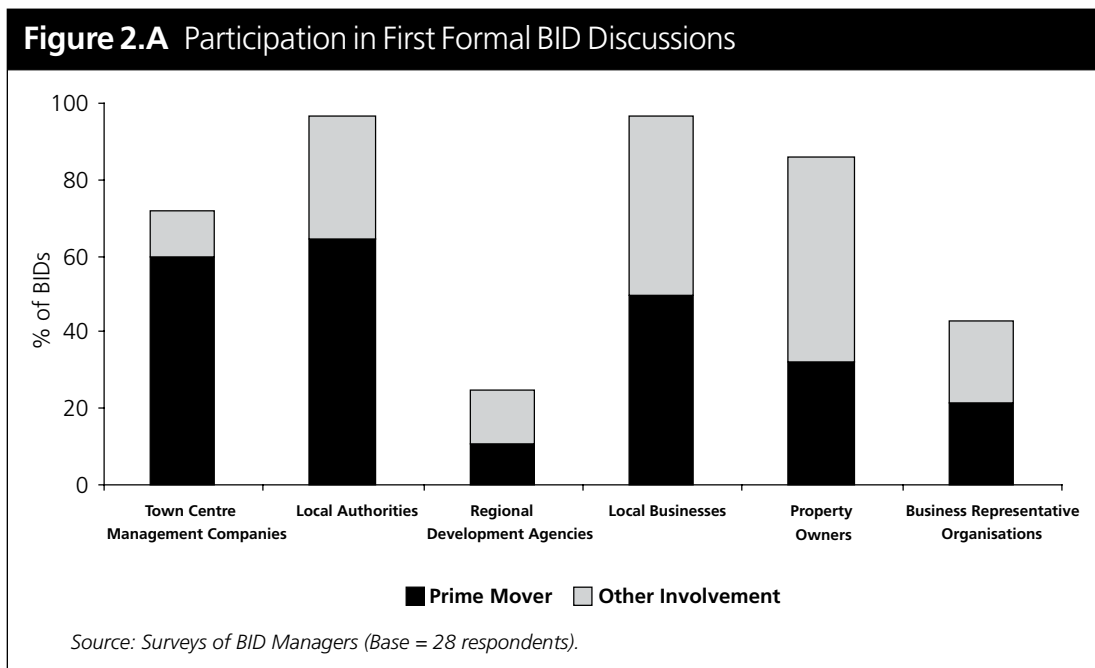
⁴ The focus of this Section is on the involvement of property owners excluding financial and in-kind contributions to BID development and operation. The issue of contributions is addressed in Section 3.

2.2 We have organised the discussion under the following four headings:

- BID initiation
- BID development
- BID operation
- conclusions

BID initiation

2.3 Respondents to the Surveys of BID Managers were asked which organisations were the prime movers (defined as the initiators of the first formal discussions) in the development of their BID, and which other organisations were also involved in these discussions. The results are shown in **Figure 2.A**.

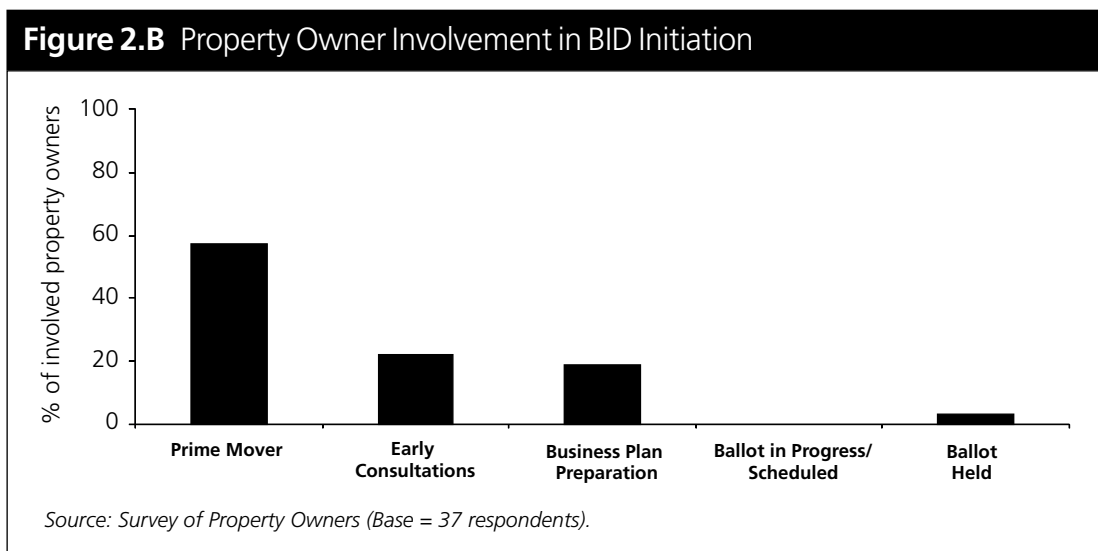


2.4 Local authorities, which were mentioned by 18 of the 28 respondents, were the most important prime movers, followed by town centre management companies (15 respondents)⁵, businesses operating in the BID area (14 respondents), and owners of property in the BID area (9 respondents).

2.5 Local authorities and local businesses were involved, if not always as prime movers, in the first formal discussions in all but one of the responding BID areas, and property owners were involved in all but four of the BIDs.

⁵ The percentages for town centre management companies shown in Figure 2.A have been calculated on a base of 25 respondents from town centre/district wide BIDs. The other percentages have been calculated on a base of all 28 respondents. It should be noted that the extent to which local authorities and town centre management companies should be treated as independent players is not always clear.

- 2.6 These findings are consistent with the results of the Survey of Property Owners, in which respondents were asked about the stage in the development of the BID at which their organisation had become involved. The results are shown in **Figure 2.B**.
- 2.7 Figure 2.B shows that 21 of the 37 respondents currently involved in 12 BIDs stated they were one of the prime movers in the initial development of the BID proposal, eight respondents (from six BIDs) stated they first became involved when the early consultations were taking place, and seven respondents (also from six BIDs) stated they first became involved when the BID proposal/business plan was in the process of being put together. Only one respondent stated they first became involved when the BID was already in operation.



- 2.8 However, the case studies suggest there is a need to be careful in the interpretation of these survey results if the significance of property owner involvement in the initiation and development of BIDs is not to be overstated. The issue here is not just whether individual property owners were involved in BID initiation and development, but the importance that should be attached to the involvement of property owners as a stakeholder group relative to other players.
- 2.9 The case studies include four examples of where property owners have been central to the initiation and development of BIDs. In each of these cases, this reflected their leading role in existing business/partnership organisations in the BID areas:
- **Ealing Broadway** – the Ealing Centre Partnership is a strategic body with an oversight of the future development of the area. Property owners are the major players in the Partnership and it was they who were the key drivers of the initiation of the Ealing Broadway BID because they regarded this as a more business-like basis for the future development of the area

- **Heart of London** – the Piccadilly Circus Partnership was established by major property owners with the aim of improving the Coventry Street/Piccadilly Circus area. It was these owners who later drove the establishment of the BID, which is effectively a business alliance operating within the BID framework
- **Kingston First** – the town centre management arrangements that existed in Kingston prior to the establishment of the BID included a significant involvement from property owners. This involvement has been continued into the BID and the Board includes representation from most of the significant property holdings in the area and the major owner occupiers
- **New West End** – the New West End Company was established by a group of property owners and large owner occupiers who had a significant stake in the success of the area and were concerned about the competitiveness of the West End in relation to both out-of-town shopping centres in the South East and other international cities. The origins of the Company go back to 1994 and hence pre-date by some way the introduction of the BIDs legislation in England

2.10 In the other 24 case studies, the key initiators of BID development have most frequently been local authorities, either directly (seven cases) or indirectly through town centre management arrangements in which they are the leading player (nine cases), local businesses (six cases), or existing partnership organisations (two cases)⁶.

2.11 Therefore, whilst there is evidence that there has been at least some property owner involvement in the development of most BIDs from an early stage, there are only a few cases where it can be said that owners as a stakeholder group were the key players in the initiation and development of BIDs.

2.12 Of the 62 current BIDs in England, 42 are town centre schemes, three are district wide, and 17 are industrial estates. Of the 25 respondents to the Surveys of BID Managers from town centre/district wide BIDs, 19 reported that the establishment of a BID had been a continuation or expansion of the scope of a previously operational town centre management scheme⁷. This is indicative of the extent to which BIDs in England are currently a mechanism for providing a more stable (and often greater) funding mechanism for existing town centre management activities, rather than providing a framework for a new economic development initiative⁸.

2.13 Respondents to the Surveys of BID Managers were asked about the ways in which property owners had previously been involved in supporting the operation of town centre management schemes. This involvement had mostly occurred through

⁶ Paddington Waterside and the Pool of London Partnership.

⁷ Whilst other partnerships or regeneration initiatives, especially Local Strategic Partnerships and Crime and Disorder Partnerships, were reported as existing in the BID areas, none were perceived as having exerted a significant impact on the involvement of property owners in BID development. Where owners had previously been involved in town centre management schemes, this was seen by them as a significant factor influencing them also to become involved in the BID.

⁸ The same point is also applicable to at least some of the industrial estate BIDs in relation to business associations.

membership of the Board, working groups and other management arrangements (16 of the 19 respondents) and the payment of voluntary financial contributions (14 respondents), whilst nine respondents had made in-kind contributions to town centre management activities. All of these 19 respondents stated that property owners had previously been involved in supporting town centre management in some way.

- 2.14 However, the Surveys of BID Managers show that the involvement of property owners in the development and operation of BIDs is wider in terms of the number involved than just securing the continued involvement of owners from previous town centre management schemes⁹.
- 2.15 The Surveys of BID Managers also do not provide evidence that property owners were more likely to make voluntary financial or in-kind contributions to either the development or operation of BIDs than town centre management schemes.
- 2.16 Therefore, although a substantial number of BIDs in England are a continuation or expansion of the scope of a previously operational town centre management scheme, there is not a significant difference between them and other town centre/district wide BIDs in terms of securing the involvement of property owners in development and operation and, in particular, securing voluntary financial or in-kind contributions.

BID development

Contacts with property owners

- 2.17 Only a small number of BIDs have attached any priority to making contact with a wide range of property owners. Of the 28 case studies of BIDs, only five have made a significant effort to engage with property owners beyond those that were either already involved in existing partnership initiatives or well-known because of the scale and profile of their ownership interests: Coventry City Centre, Heart of London, Lincoln, New West End, and Reading. Of these five, all but the Heart of London and New West End met with limited or no success in seeking to broaden the scope of property owner involvement¹⁰.
- 2.18 This general lack of priority attached to making contact with a wide range of property owners reflects a pragmatic approach that, without a successful ballot of business ratepayers, the BID would not exist at all. Consequently, the focus has inevitably

⁹ This is consistent with the results of the Survey of Property Owners, which showed that 17 of the 36 respondents involved in town centre BIDs had previously been involved in town centre management schemes and 17 had not (two did not know). Other than those involved in town centre management schemes, only one respondent reported involvement in any other partnership initiatives in the BID area and this was an industrial estate employers association.

¹⁰ As we discuss later, this is by no means the only context in which the Heart of London and New West End are exceptions in terms of the current BIDs in England.

been on consulting with business ratepayers with the objective of developing a BID proposal that meets their needs and hence is likely to receive their support in a ballot. In other words, in most cases the nature of the legislative framework dictates where BIDs are going to spend their limited development and management resources, and this is not on involving property owners.

- 2.19 The limited development and management resource possessed by all BIDs is the second principal reason for the generally low priority accorded to contacts with property owners. On the one hand, this is a positive feature because it means that a high proportion of the funding received by BIDs is being directed to projects supported by businesses through the ballot process. On the other hand, it means that the teams developing the BID proposals and managing the BIDs after a successful ballot have had to be highly focused in their efforts. Resources have generally not been available for either undertaking research into the structure of property ownership in the BID area or for supporting an extensive programme of contacts with the owners identified by such research. Therefore, there is an inherent conflict with the encouragement to BIDs under the current legislative framework to involve property owners on a voluntary basis.
- 2.20 There are four other inter-related factors that are also relevant in the context of the nature of the funding regime and the limited development and management resources available:
- **the limited initial base of knowledge regarding property ownership in most of the BID areas** – this was the situation in most, if not all, of the BID areas. The only case study BIDs that currently have a detailed knowledge of property ownership in their areas are Heart of London and New West End
 - **the particular problems of identifying and engaging property owners in areas where the pattern of ownership is highly dispersed** – this is the case, for example, in Keswick, Paddington, Rugby and Waterloo
 - **the existence of a significant proportion of owner occupiers who will be liable to pay the BID levy as occupiers** – this is likely to be the case on the industrial estates, such as Altham and Teesside Cowpen, and is also the situation in Keswick
 - **the difficulty of identifying the most appropriate contact within the property owning organisation** – this, and the related problems of the rapid turnover of property contacts and differing stances to the BID being taken within the same organisation, was reported as being an issue in, for example, Blackpool, Coventry City Centre, Kingston and Reading
- 2.21 The consequence of these factors has been that most contacts have been with property owners that were already known to the BID managers through business

relationships or involvement in other partnership initiatives (especially town centre management), or the larger or more visible owners that have strong links with, a commitment to, and an interest in the local area.

Dissemination of information

- 2.22 Despite the generally low priority attached to contacts with property owners, all of the respondents to the Surveys of BID Managers reported that they had sent information on the BID proposal to property owners in the area. There was a wide variation in the number of owners contacted (from as few as one to as many as 180). Typically (the median), the communications involved around 11 owners, which is indicative of the targeting of the flow of information. In general, these were not one-off dissemination exercises and 21 of the 28 respondents reported sending out information to property owners on three or more occasions¹¹.

Surveys of property owners

- 2.23 Around half (13 of 27) of the respondents to the Surveys of BID Managers reported conducting surveys of property owners. Whilst the small numbers involved means that the results should be treated with caution, the indications are that the response rate to the surveys that were undertaken was generally high for such exercises (around 50 per cent).

Meetings with property owners

- 2.24 Only three of the 28 respondents to the Surveys of BID Managers reported that they had not held face-to-face meetings with property owners during the development of the BID. There is a much smaller variation in the number of owners contacted compared to the dissemination of information (from 1 to 28). Typically (the median), meetings had been held with 6-8 owners, which is again indicative of the targeting that has taken place¹².
- 2.25 All but one of the 28 respondents to the Surveys of BID Managers reported that they had invited property owners to meetings or other events held as part of the process of developing the BID proposal¹³. Typically (the median), around 3-4 such meetings/ events had been held in each BID area attended by a total of around 4-5 property owners.

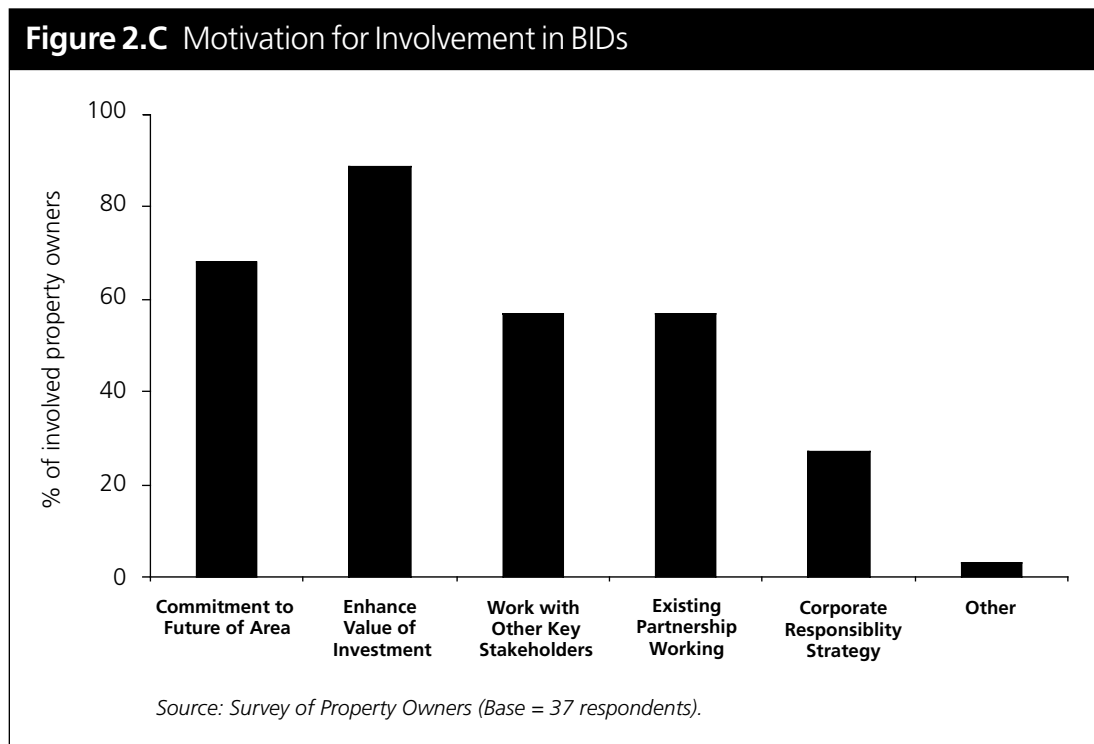
¹¹ Of the 16 respondents to the Survey of Property Owners that did not regard their organisation as one of its prime movers, only five reported receiving information about the BID either through the post or electronically. However, it should be noted that eight of these 16 respondents stated that they were involved in early consultations about the development of the BID and hence may not have been targets for the dissemination of information.

¹² Of the 16 respondents to the Survey of Property Owners that did not regard their organisation as one of the prime movers of the BID, 12 reported having face-to-face meetings with the leaders of the BID, making it the most important method of approach.

¹³ Of the 16 respondents to the Survey of Property Owners that did not regard their organisation as one of the prime movers of the BID proposal, six reported receiving an invitation to a meeting or other event in relation to the BID.

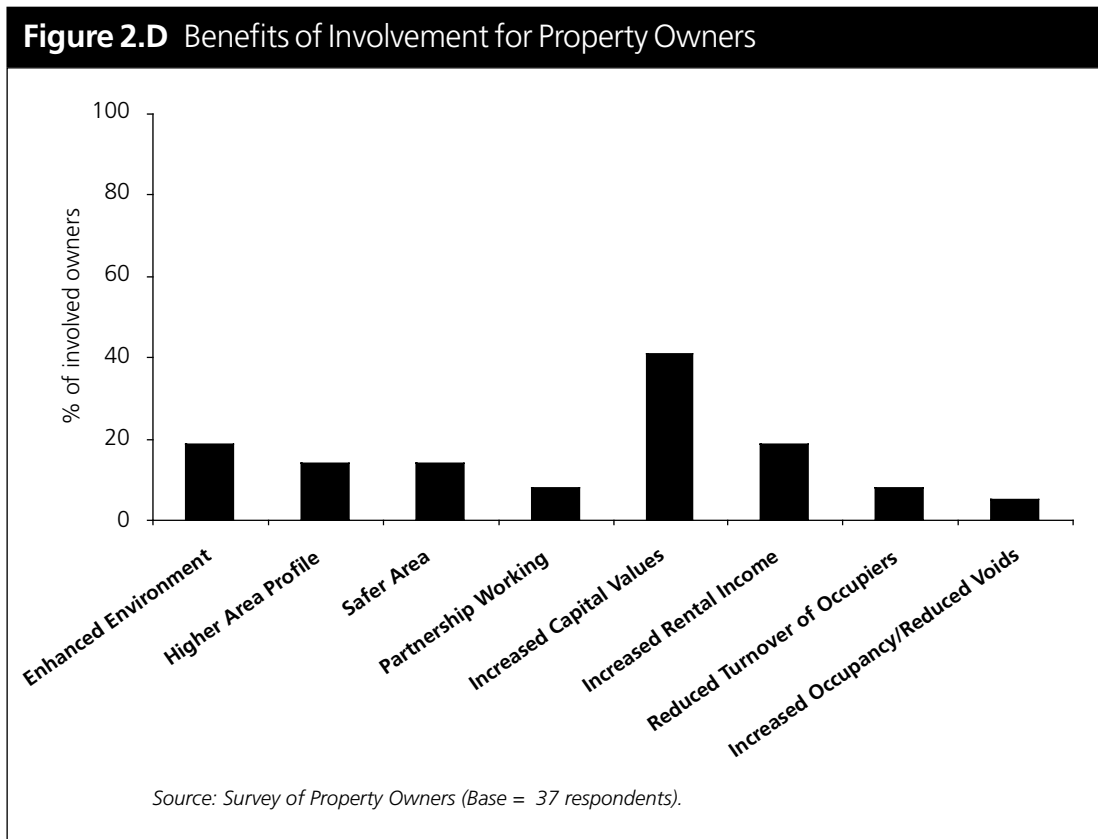
Motivation and benefits

2.26 Respondents to the Survey of Property Owners were asked what stimulated their organisation to become involved in the BID. The results are shown in **Figure 2.C**.



2.27 Figure 2.C shows that the key motivation for property owners currently involved in BIDs was enhancing the value of their investment in the area (33 of 37 respondents), followed by a commitment to the future of the area (25 respondents), and working with other key stakeholders and ongoing relationships with the leaders of the BID (both 21 respondents).

2.28 In a similar vein, respondents to the Survey of Property Owners were asked what benefits they expected to gain as a result of the development of the BID. The results are shown in **Figure 2.D**.



2.29 Figure 2.D shows that the most frequently mentioned (by 17 respondents in total) were financial benefits for their own company¹⁴:

- an increase in the capital value of their property (15 respondents)
- an increase in rental income (seven respondents)
- a reduced turnover of occupants (three respondents)
- increased occupancy of property/reduced voids (two respondents)

2.30 The other significant perceived benefits related to an enhanced environment (seven respondents), an increased level of safety (five respondents), and the higher market profile of the BID area (five respondents).

2.31 Respondents to the Survey of Property Owners were also asked what benefits they expected the BIDs to gain as a result of the involvement of property owners. The most frequently mentioned benefits were:

- helping to ensure that all the key stakeholders in the area are involved in the BID (16 respondents)

¹⁴ This can operate directly through BID activities improving trading conditions and hence the commercial success of occupiers, thus reducing the risk of voids and supporting a more robust income stream, and indirectly through, for example, the BID maintaining the standards of the area and hence the capital value of investments.

- strengthening the commitment of property owners to the success of the BID (13 respondents)
- co-ordination of BID activities and the investment activity of property owners (11 respondents)
- the increased commitment of occupiers to the BID (six respondents)
- additional funding for the BID (four respondents)

2.32 All but one of the respondents (26 of the 27) to the Surveys of BID Managers stated that the involvement of property owners in the development of the BID proposal had led to benefits. The four key benefits identified were:

- assistance with generating support for the BID proposal amongst property occupiers (15 respondents)
- a better understanding of business needs and the preparation of a clearer business case and strategic vision (14 respondents)
- greater funding for the development of the BID proposal (12 respondents)
- more effective leadership and governance of, and greater credibility for, the BID (eight respondents)

2.33 There is some, although limited, evidence from the case studies for the importance of property owners in generating support for the BID proposal amongst occupiers. In particular, the role of owners is perceived to have been important in Ealing Broadway, in the second ballot in Liverpool, and in the second term ballot in the Heart of London.

2.34 There was a consensus view amongst the BIDs consulted that, in comparison with occupiers, property owners bring a longer term and more strategic perspective to both the development and operation of BIDs (although owners are not a homogeneous group and by no means all of them will bring a longer term perspective on the BID area¹⁵). There was evidence from the Heart of London, Kingston, Lincoln and New West End that this is providing the basis for BIDs to become a vehicle for wider discussions about the strategic development of their areas. On a related point, there was also a widely held view that the involvement of property owners enhances the standing and credibility of BIDs with local authorities and other stakeholders.

2.35 Therefore, the view amongst both property owners and BID managers is that the involvement of owners generates a number of benefits for BIDs.

¹⁵ It should also be pointed out that property owners also do not have a monopoly on longer term and strategic thinking and BIDs may also be able to secure this input from other sources.

Nature of involvement

- 2.36 **Table 2.1** summarises the nature of the involvement of the 37 respondents to the Survey of Property Owners. This shows, for example, that 30 respondents reported making a voluntary financial contribution to the BID and that, of these 30 respondents, 25 were also on the BID Board (or equivalent), 17 were also making an in-kind contribution to the BID, and 10 were also members of a BID working group.

Table 2.1 Nature of Property Owner Involvement				
Also involved in:	Board Member	Working Group Member	Financial Contribution	In-kind Contribution
	30	11	30	21
Board Member	—	10	25	17
Working Group Member	10	—	10	10
Financial Contribution	25	10	—	17
In-kind Contribution	17	10	17	—

Note: We assess the financial and in-kind contributions to BID development and operation made by property owners in Section 3. Source: Survey of Property Owners (Base = 37 respondents).

- 2.37 Table 2.1 shows that the results of the Survey of Property Owners suggest that there is a substantial degree of overlap between the different aspects of their involvement in BIDs. This is consistent with the evidence from the BID case studies.
- 2.38 All but one (an industrial estate) of the 28 respondents to the Surveys of BID Managers reported that they had involved property owners in some way in the development of their BIDs¹⁶. In most cases (25 respondents), property owners had been involved through membership of the BID Board (or an equivalent group) leading the development process, with 15 respondents reporting that owners had been involved in working groups focusing on a particular aspect of BID development.
- 2.39 There is a wide variation in the reported scale of property owner involvement in the BID Board and working groups, with New West End involving 12 owners, Heart of London involving nine owners and the remainder involving 1-6 owners. The importance attached to the involvement of property owners in the Heart of London is reflected in the fact that the Articles and Memorandum of Association of the BID state that owners must be in a majority on the Board. Typically (the median), it was reported that around 1-2 owners had been members of the BID Board (or equivalent

¹⁶ As we discuss in Section 3, 16 of the 28 respondents reported that they had received financial contributions from property owners towards BID development, whilst 13 reported that they had received in-kind contributions.

group) and the same number had been involved in working groups, with a total of 2-3 owners involved in some capacity.

- 2.40 In the context of any legislative framework, it is unlikely that property owner involvement in BIDs in terms of membership of the Board (or equivalent group) or working groups would, in general, be significantly higher than shown by the Surveys of BID Managers. In part, this stems from the fact that other examples of partnership working indicate it is difficult to engage in this active way with more than a limited number of any stakeholder group because of constraints on time and other resources¹⁷. In part, it also reflects the simple mathematics that, certainly in terms of Board membership, accommodating more representatives from one group can only be achieved by reducing the number from others (assuming that the total size of the Board is going to be maintained at an effective level). This suggests that the key issue in relation to the involvement of property owners is likely to be financial and in-kind contributions to BID development and operation, although a closer financial link between owners and BIDs would also be likely to encourage greater engagement.
- 2.41 Most (31 of the 37) respondents to the Survey of Property Owners considered there had been sufficient opportunity for their own organisation to influence the development of the BID, whilst five respondents stated that they have had more influence than required. Only one respondent stated that they would have preferred more influence.
- 2.42 There was a similar result when respondents were asked whether property owners as a whole (rather than their own organisation) had been given sufficient opportunity to influence the development of the BID: 28 of the 37 respondents considered that owners had been given sufficient opportunity and only five respondents stated that this was not the case (four did not know).
- 2.43 Most (31 of the 37) respondents also considered that there had been sufficient involvement of property owners in the development of the BID. Only four respondents considered that there had not been sufficient involvement (two did not know). Respondents were asked to enlarge on the reasons for their assessment. Of the 31 respondents, by far the most frequent reason given (10 respondents) was that *“owners have had every opportunity to participate”*, although whether *“opportunity to participate”* and *“sufficient involvement”* are the same thing is open to question. A number of the other reasons suggest that respondents may not have clearly separated their own involvement from that of property owners as a whole when providing answers to this question.

¹⁷ These were identified as barriers by a small number of property owners involved in BIDs (see Section 4).

BID operation

- 2.44 All but one (an industrial estate) of the 22 respondents to the Surveys of BID Managers that had already produced a BID business plan or a formal proposal reported they had involved property owners in some way in the operation of their BIDs¹⁸. In most cases (18 respondents), property owners are, or will be, involved as members of the Board (or equivalent group) leading BID operation, with eight respondents reporting that owners have been, or will be, involved in working groups focusing on a particular aspect of operation.
- 2.45 As during development, there is a wide variation in the reported scale of property owner involvement in the BID Board and working groups from as few as one to as many as at least eight. Typically (the median), it was reported that around 1-2 owners are/will be a member of the BID Board (or equivalent group) and the same number are/will be involved in working groups, with a total of 1-2 owners involved in some capacity (suggesting that the same owners are/will be involved in both the Board and the working groups)¹⁹.
- 2.46 This is consistent with the evidence from the case studies. The Survey of Property Owners undertaken in Part 2 of the research was based on a sample of 64 owners from 16 BIDs, of which 61 contacts were from 13 of the 28 case studies and three contacts were from three other BIDs. In addition, a further seven case studies were able to identify a total of two involved property owners, although no contacts were provided for the Survey of Property Owners, whilst three other BIDs stated that there were no property owners involved. Therefore, 26 BIDs (including two in development) were able to identify a total of 66 currently involved property owners, an average of only 2.5 involved owners per BID, although there may have been some under-reporting given the context of preparing a sample for a survey.
- 2.47 Moreover, 25 of these owners were involved in either the Heart of London or the New West End, which are the two BIDs that have to date been by far the most successful in all aspects of the involvement of property owners. If the Heart of London and New West End are excluded from the analysis on the grounds that they are exceptional, the average number of involved property owners per BID falls to 1.7. Given the small numbers involved, the considerable degree of overlap between the different aspects of involvement in BIDs (Board and working group membership and financial and in-kind contributions) shown by the Survey of Property Owners would be expected.

¹⁸ As we discuss in Section 3, 15 of the 22 respondents reported that they had received (or expect to receive) financial contributions from property owners towards BID operation, whilst nine reported that they had received (or expect to receive) in-kind contributions.

¹⁹ This estimate of the typical total number of property owners involved in Boards and working groups during BID operation is less than the corresponding estimate for BID development, although the separate estimates for Boards and working groups are the same. We would not attribute any significance to this difference. The same points that were made earlier in the context of BID development regarding the scale of involvement of any stakeholder groups on Boards and working groups also apply in the context of operation.

- 2.48 Based on responses from 17 out of the 22 respondents reporting that a BID business plan or formal proposal had already been produced, there had to date been a high take-up of places (around 93%) allocated for property owners on Boards (or equivalent groups) leading BID operation. This was confirmed by the case studies.
- 2.49 Most (32 out of 37) respondents to the Survey of Property Owners considered there had been sufficient opportunity for their own organisation to influence the operation of the BID, whilst five respondents stated that they have had more influence than required. No respondents stated that they would have preferred more influence.
- 2.50 There was a similar result when respondents were asked whether property owners as a whole (rather than their own organisation) had been given sufficient opportunity to influence the operation of the BID: 29 of the 37 respondents considered that owners had been given sufficient opportunity and only three respondents stated that this was not the case (five did not know).
- 2.51 Most (32 of the 37) respondents to the Survey of Property Owners considered that there had been sufficient involvement of property owners in the operation of the BID. Only three respondents considered that there had not been sufficient involvement (two did not know). As in relation to the comparable question on BID development, there is evidence to suggest that respondents may have regarded "opportunity to participate" as being the same as "sufficient involvement" and also may not have clearly separated their own involvement from that of property owners as a whole.

Conclusions

- 2.52 The principal conclusions to be drawn from this analysis of the evidence available from the Part 1 and Part 2 research on the drivers of property owner involvement in BIDs are as follows:
- the nature of the current legislative framework sets the context for the scale and nature of property owner involvement. The focus of BIDs has inevitably been on consulting with business ratepayers and developing proposals that will secure their support in a ballot, and not on involving property owners
 - the streamlined teams developing and managing BIDs have had to be highly focused in their efforts. Resources have generally not been available for either undertaking research into the structure of property ownership in the BID area or for supporting an extensive programme of contacts with the owners identified by such research
 - only a small number of BIDs have attached any priority to making contact with a wide range of property owners. What they have done is to target owners already known through business relationships or involvement in other partnership

initiatives and the larger or more visible owners that have strong links with, commitment to, and interest in the local area

- the evidence shows that most BIDs have involved a small number of property owners as members of the Board (or an equivalent group) and/or working groups during BID development and operation. It is unlikely that the level of this aspect of involvement would, in general, have been significantly higher whatever the nature of the BID legislative framework

Chapter 3

Types of involved property owner

Key Points

- **Over half of BIDs reported receiving financial support from owners for development and two-thirds reported receiving financial support for operation, whilst just under half reported receiving in-kind support from owners to both development and operation.**
- **The financial contributions to both BID development and operation from private sector property owners, both in terms of the number of BIDs and the amounts, are dominated by national property companies. This reflects the targeting of larger or more visible owners discussed in section 2.**
- **There is a very wide variation in the size of the reported contributions by property owners to both BID development and operation. In relation to development the range is from £1,000 to £3.5m, whilst in relation to operation it is from £10,000 per annum to £1.2m per annum. This wide variation underpins the differing resonance that the issue of the involvement of property owners has for BIDs across England. Typically (for those BIDs receiving contributions), we estimate that private sector property owners contributed around £30,500 per BID to development, and are contributing around £56,000 per annum per BID to operation.**
- **Mirroring the very wide variations in the contributions from property owners towards the costs of operation between BIDs, there are also very wide variations in the share of total BID budgets accounted for by these contributions (from as little as two per cent to as much as 38 per cent).**

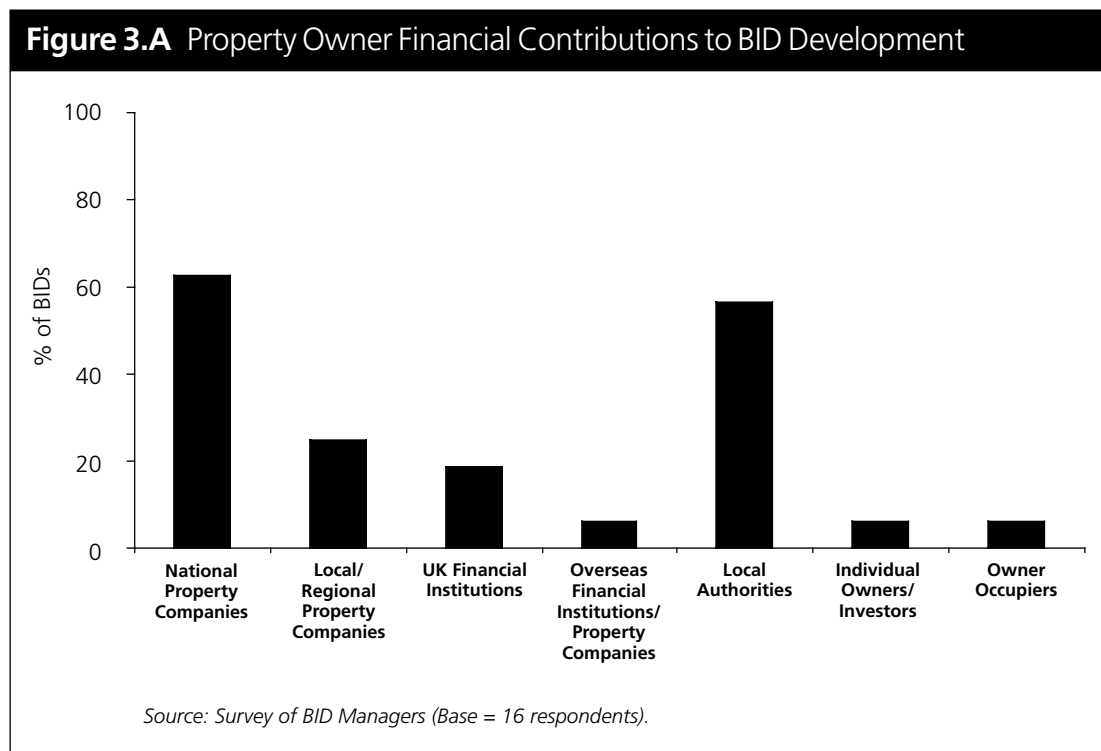
Introduction

- 3.1 In this section, we discuss the evidence available from the Part 1 and Part 2 research regarding the type of property owners that have been involved in BID schemes and how and why this varies across different types of BID scheme and its impact.
- 3.2 We have organised the discussion under the following three headings:
 - financial contributions
 - in-kind contributions
 - conclusions

Financial contributions

BID development

- 3.3 Sixteen of the 28 respondents to the Surveys of BID Managers reported that they had received voluntary financial contributions from property owners towards the cost of developing the BID proposal. For the 16 BIDs receiving these contributions, the distribution by type of property owner is shown in **Figure 3.A**.
- 3.4 Of the 16 BIDs that received a financial contribution to the costs of development from property owners, Figure 3.A shows that most had received contributions from national property companies²⁰ (10 of the 16 BID areas), followed by local/regional property companies (four BID areas), and UK financial institutions (three BID areas). In addition, nine of the 16 BIDs had received contributions from local authorities²¹.



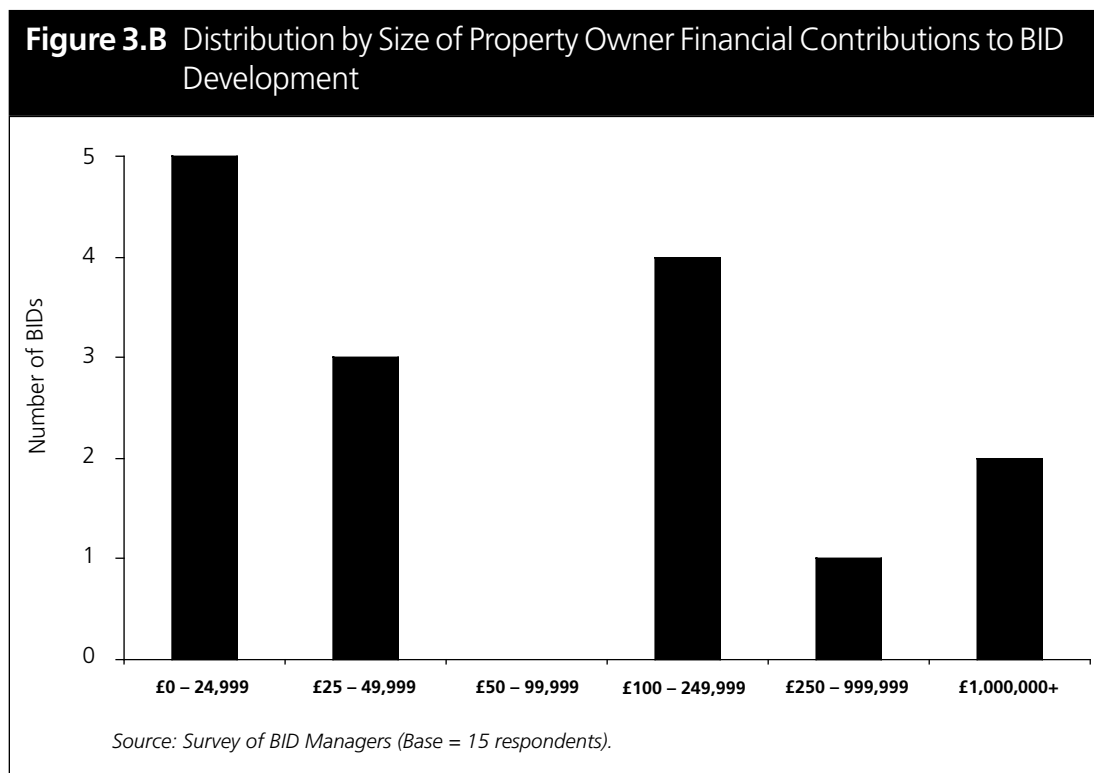
- 3.5 There is a wide variation in the reported number of property owners contributing financially to BID development, with 12 owners in New West End, nine owners in Heart of London and 1-6 owners elsewhere. Typically (the median), each of these BIDs had a total of 1-2 property owner contributors to the costs of development.
- 3.6 This focus on national property companies is consistent with the targeting highlighted in Section 2, with most contacts being with property owners that were

²⁰ National property companies are defined as UK-based companies whose primary activity is the development and/or holding of property and that operate across all or most of the UK market, rather than in specific regions or local areas.

²¹ Although local authorities own property in most, if not all, BID areas it is debatable whether they should strictly be treated as property owners in the context of the current study. This is both because they have a different relationship to BIDs than private sector owners and because they will mostly occupy the premises that they own and hence will pay the BID levy.

already known to the BID managers through business relationships or involvement in other partnership initiatives (especially town centre management), or the larger or more visible owners that have strong links with, a commitment to, and an interest in the local area.

3.7 For 15 of the 16 BIDs receiving and reporting details of these contributions from property owners, the distribution of contributions by size is shown in **Figure 3.B**.



3.8 Figure 3.B shows that there is a very wide variation in the scale of the reported contributions to BID development received from property owners, with the range being from as little as £1,000 to as much as £3.5m. Just over half of the BIDs reported receiving total contributions from owners of less than £50,000, whilst two BIDs received over £1m (Heart of London with £1.0m and New West End with £3.5m²²). This wide variation underpins the differing resonance that the issue of the involvement of property owners has for BIDs across England.

3.9 In relation to 13 of the 15 BIDs that reported details of the voluntary financial contributions from property owners²³, **Table 3.1** provides an illustration of the

²² In both of these cases there was a functioning organisation before the BID ballot (the Piccadilly Circus Partnership in the Heart of London and the New West End Company in the West End), so the distinction between development and operation is less clear. In addition, the Heart of London was also part of the Circle Initiative and New West End was also one of the national pilot BIDs.

²³ The estimates of the ‘typical’ value of contributions by property owner type have been derived excluding data for the Heart of London and New West End BIDs because, given the much greater scale of the financial contributions received, their inclusion would have distorted the calculations. The mean reported financial contribution per BID from each property owner type has been used, when necessary, to estimate the total financial contribution from each property owner type. This estimate of the total financial contribution has then been divided by the total number of BIDs receiving contributions from property owners in order to derive the ‘typical’ structure shown in Table 3.1.

'typical' structure of owner contributions to the costs of BID development derived from the results of the Surveys of BID Managers.

Table 3.1 'Typical' Structure of Property Owner Contributions to BID Development

Type of Property Owner	Total Number of Owners		Average Value per BID	
	No.	%	£	%
National property companies	16	35.6%	£17,500	32.1%
Local/regional property companies	9	20.0%	£2,500	4.6%
UK financial institutions	7	15.6%	£7,500	13.8%
Overseas property companies/ financial institutions	1	2.2%	£500	0.9%
Individual property owners/investors	1	2.2%	£1,000	1.8%
Owner occupiers	2	4.4%	£1,500	2.8%
Sub-total	36	80.0%	£30,500	56.0%
Local authorities	9	20.0%	£24,000	44.0%
Total	45	100.0%	£54,500	100.0%

Note: The data in Table 3.1 relates to the 15 BIDs that reported details of voluntary financial contributions received from property owners to the costs of BID development, but excluding the Heart of London and New West End (a total of 13 BIDs).

All estimates of the value of contributions have been rounded to the nearest £500.

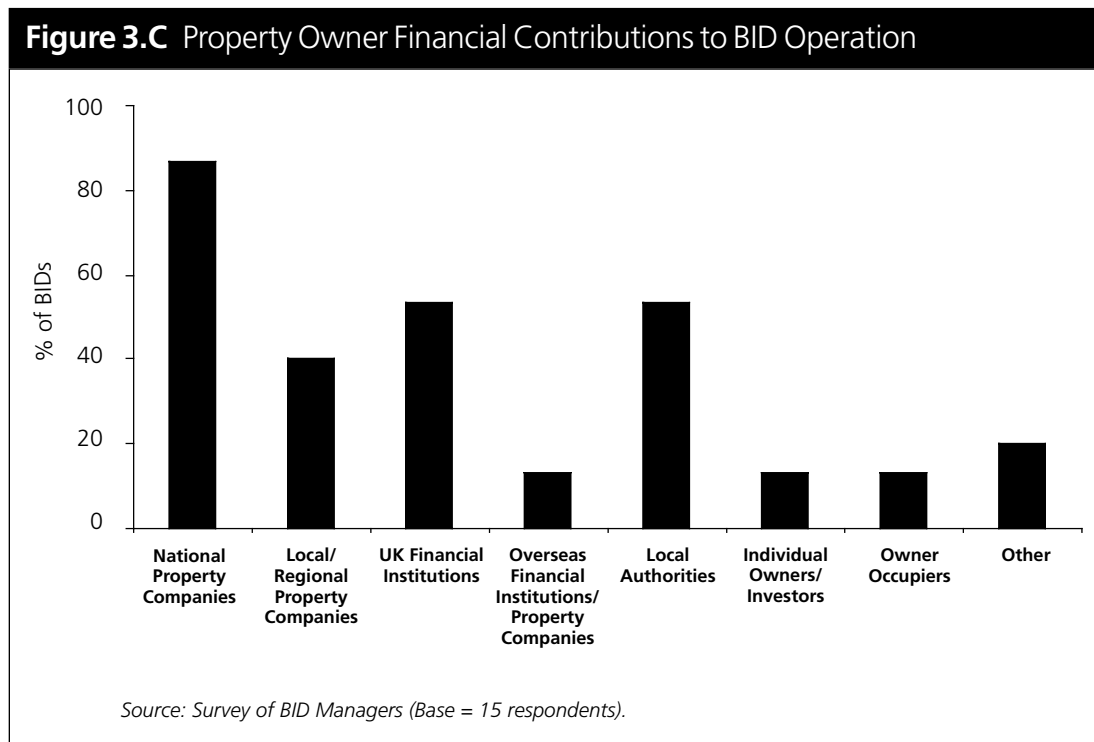
Source: Surveys of BID Managers.

3.10 Table 3.1 shows that a total of 36 private sector owners contributed an average of around £30,500 per BID. National property companies accounted for just under half of the number of contributors and just over half of the average value per BID. There was also a significant number of local/regional property companies and UK financial institutions (such as pension funds and investment trusts) contributing, with the latter providing a much higher average value per BID. Therefore, Table 3.1 also reflects the impact of the targeting of contacts with property owners. Including the contributions of local authorities to BID development increases the average per BID to around £54,500.

BID operation

3.11 Of the 22 respondents to the Surveys of BID Managers who were either operational or had already produced a BID business plan or a formal proposal, 15 had secured financial contributions from property owners towards the costs of operating the BID. For the 15 BIDs receiving these contributions, the distribution by type of property owner is shown in **Figure 3.C**.

3.12 Of the BIDs that had secured a financial contribution to operation from property owners, Figure 3.C shows that most have received contributions from national property companies (13 of the 15 BID areas), followed by UK financial institutions (eight BID areas) and local/regional property companies (six BID areas). In addition, eight of the BIDs had received contributions from local authorities.

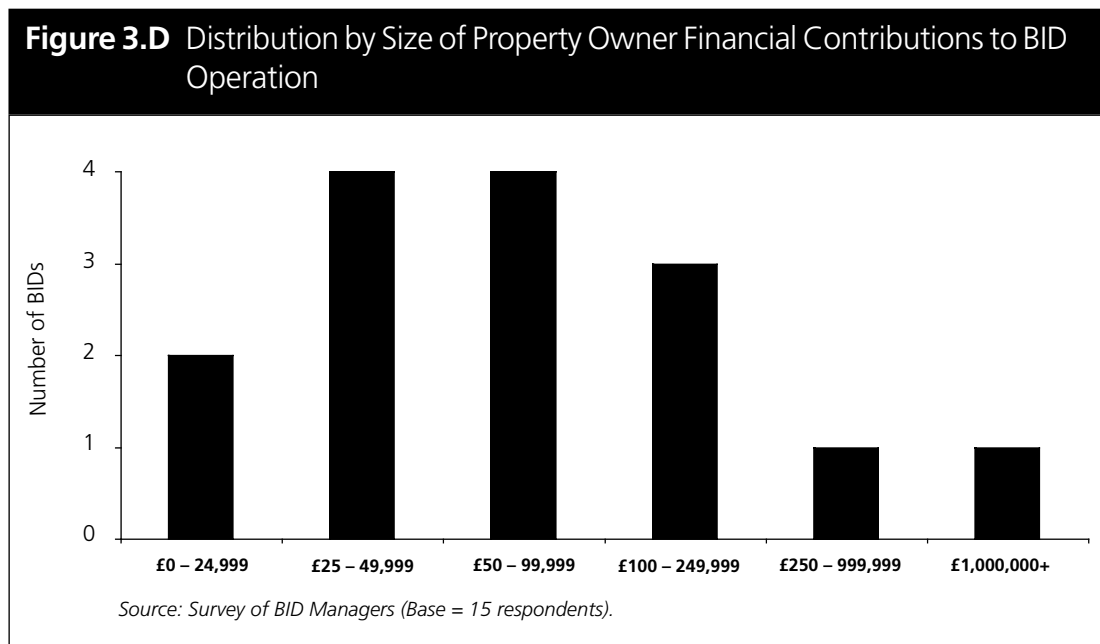


3.13 As during development, there is a wide variation in the reported number of property owners contributing financially to BID operation, from as few as one to as many as at least eight²⁴. Typically (the median), each of these BIDs had a total of 4-5 property owner contributors to the costs of BID operation²⁵. With the exception of local authorities, more BIDs reported receiving a financial contribution from each type of property owner towards the costs of operation than towards BID development.

3.14 For the 15 BIDs receiving these contributions from property owners, the distribution of contributions by size is shown in **Figure 3.D**.

²⁴ As during development, this reflects the targeting of major property owners and thus, for example, there are only two major owners currently not contributing in Kingston, only one in Plymouth and none in Lincoln.

²⁵ This can be compared with 1-2 property owner contributors during BID development, although the two samples are overlapping but not the same.



3.15 Figure 3.D shows that there is a very wide variation in the scale of the reported annual contributions to BID operation received from property owners, with the range being from as little as £10,000 to as much as £1.2m²⁶. Two-thirds of the BIDs reported receiving total contributions from owners of less than £100,000 per annum, whilst two BIDs received over £250,000 per annum (Heart of London with £350,000 and New West End with £1.2m²⁷). As in relation to BID development, this wide variation underpins the differing resonance that the issue of the involvement of property owners has for BIDs across England.

3.16 In relation to 13 of the 15 BIDs that reported receiving a voluntary financial contribution from property owners²⁸, **Table 3.2** provides an illustration of the 'typical' structure of owner contributions to the costs of BID operation derived from the results of the Surveys of BID Managers.

²⁶ These figures do not include funding for specific projects in the BID area provided by property owners. For example, in Birmingham Broad Street a Property Owners Group has been established that is funding activity aimed at increasing the amount of retail floorspace in the area. Camden Town Unlimited is also planning to secure financial contributions from property owners through funding for specific projects rather than for the BID budget in general.

²⁷ It is estimated that the New West End Company is currently achieving around 70% of the potential voluntary contributions from property owners on the basis of matching the levy paid by their occupiers.

²⁸ As in relation to BID development, the estimates of the number of contributing owners and the 'typical' value of contributions by property owner type have been derived excluding data for the Heart of London and New West End BIDs because, given the much greater scale of the financial contributions received, their inclusion would have distorted the calculations. The mean reported financial contribution per BID from each property owner type has been used, when necessary, to estimate the total financial contribution from each property owner type. This estimate of the total financial contribution has then been divided by the total number of BIDs receiving contributions from property owners in order to derive the 'typical' structure shown in Table 3.2.

Table 3.2 'Typical' Structure of Annual Property Owner Contributions to BID Operation				
Type of Property Owner	Total Number of Owners		Average per BID	
	No.	%	£	%
National property companies	27	41.5%	£34,500	45.1%
Local/regional property companies	6	9.2%	£5,500	7.2%
UK financial institutions	15	23.1%	£14,000	18.3%
Overseas property companies/ financial institutions	2	3.1%	£1,000	1.3%
Individual property owners/investors	2	3.1%	—	—
Owner occupiers	1	1.5%	—	—
Other	3	4.6%	£1,000	1.3%
Sub-total	56	86.1%	£56,000	73.2%
Local authorities	9	13.9%	£20,500	26.8%
Total	65	100.0%	£76,500	100.0%

Note: The data in Table 3.2 relates to the 15 BIDs that reported details of voluntary financial contributions received from property owners to the costs of BID operation, but excluding the Heart of London and New West End (a total of 13 BIDs).

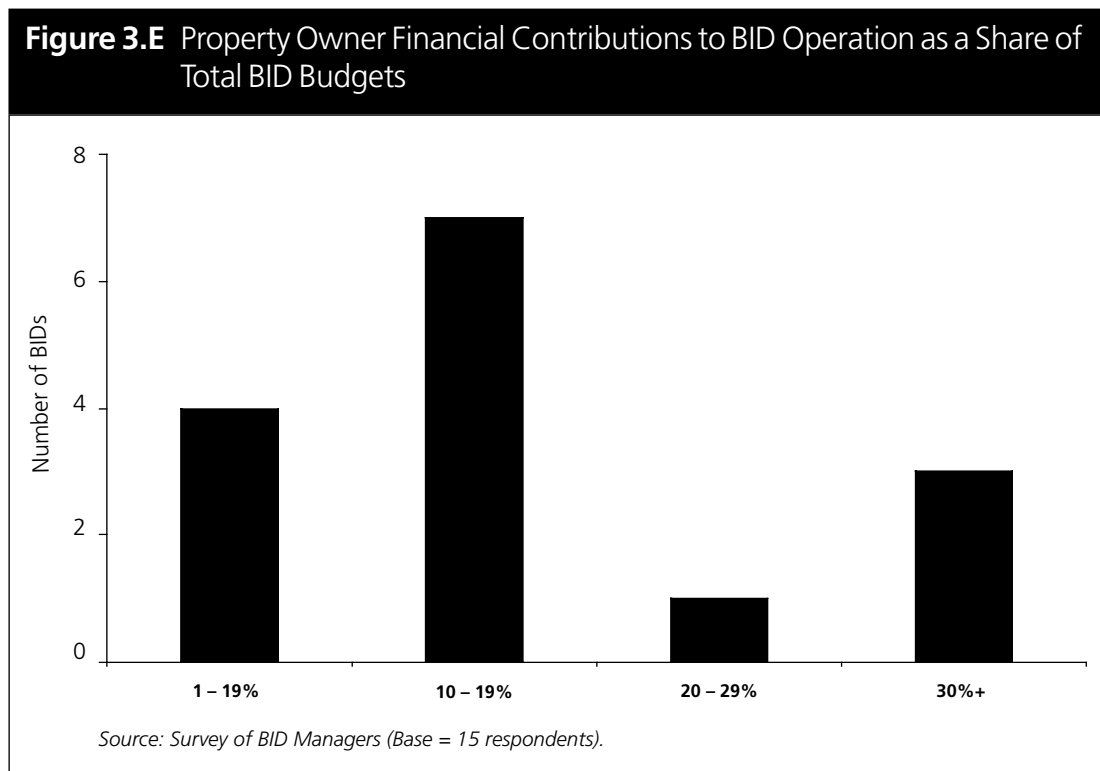
All estimates of the value of contributions have been rounded to the nearest £500.

Source: Surveys of BID Managers.

- 3.17 Table 3.2 shows that a total of 56 private sector owners contributed an average of around £56,000 per BID²⁹. National property companies accounted for just under half of the number of contributors and just under two-thirds of the average value per BID. There were also a significant number of UK financial institutions contributing, with a smaller number of local/regional property companies. Therefore, Table 3.2 also reflects the impact of the targeting of contacts with property owners. Including the contributions of local authorities to BID operation increases the average per BID to around £76,500.
- 3.18 Mirroring the very wide variations in the contributions from property owners towards the costs of operation between BIDs, there are also very wide variations in the share of total BID budgets accounted for by these contributions. For the 15 BIDs receiving these contributions from property owners, the distribution by percentage of the total BID budget is shown in **Figure 3.E**.

²⁹ Dividing the estimate of 56 private sector property owners contributing to BID operation by the 20 respondents to the Surveys of BID Managers who had already produced a BID business plan or formal proposal (excluding the Heart of London and New West End) produces an average of 2.8 owners per BID. This is significantly above the estimate of 1.7 involved owners per BID outlined in Section 2 based on the case studies. This may indicate that there is some bias in the responses to the surveys towards those BIDs that have been more successful in securing voluntary contributions from property owners.

3.19 The share of total BID budgets accounted for by the financial contributions from property owners varies from as little as two per cent to as much as 38 per cent. Figure E shows that, for nearly three-quarters of the BIDs receiving financial contributions from property owners towards operation, these contributions represented less than 20 per cent of the total BID budget. For the other four BIDs³⁰, voluntary contributions from property owners represent over 25 per cent of the total BID budget.



3.20 On the basis of the Surveys of BID Managers, we estimate that voluntary contributions from property owners, including local authorities, account for an average of around 13 per cent of total annual BID budgets³¹.

3.21 Although Table 3.1 and Table 3.2 are based on overlapping but somewhat different samples, they do provide the basis for making some broad comparisons between financial support from property owners for BID development and operation:

- there are a significantly greater number of private sector owners making financial contributions to BID operation
- the average value per BID of contributions from private sector owners to BID operation is significantly greater than the comparable figure for BID development, especially when it is borne in mind that the figures shown in Table 3.2 are annual

³⁰ Ealing Broadway, Heart of London, New West End, and Retail Birmingham.

³¹ This figure rises to 16% if the Heart of London and New West End BIDs are included. In some BIDs, such as Heart of London, Kingston and Reading, the voluntary financial contributions from property owners are earmarked to cover management and administration costs, leaving all of the levy income to be used for frontline delivery.

- the increased support for BID operation compared to development from private owners is principally attributable to national property companies and UK financial institutions
- local authorities are providing much the same level of financial support for BID development and operation

3.22 The evidence from the Surveys of BID Managers is that most of the financial contributions from property owners to BID operation are made through direct payment to the BID (13 of the 15 respondents). A range of approaches is being used to set the level of these contributions:

- negotiations between the BID and individual property owners (nine respondents)
- a percentage of the Rateable Value of the properties owned by the property owners (six respondents)
- a continuation of contributions made by property owners during the development of the BID (four respondents)
- matching the BID levy contributions paid by the occupiers of the owner's property (three respondents)
- a continuation of contributions made to a previous town centre management scheme (two respondents)

3.23 A majority of the 15 BIDs either had (six respondents), or were planning to introduce (five respondents), formal agreements with the property owners who make voluntary financial contributions to the operation of the BID.

In-kind contributions

3.24 Around half of respondents (13 of the 28) to the Surveys of BID Managers reported that they had received in-kind contributions from property owners towards the cost of developing the BID proposal. Of these 13 BIDs, seven had received in-kind contributions from national property companies and local authorities, and five had received contributions from regional/local property companies.

3.25 Less than half of respondents (nine of the 22) to the Surveys of BID Managers who had already produced a BID business plan or a formal proposal reported that they have received, or are expecting to receive, in-kind contributions from property owners towards the cost of BID operation. Of these nine BIDs, five had received in-kind contributions from national property companies and local authorities.

Conclusions

3.26 The principal conclusions to be drawn from this analysis of the evidence available from the Part 1 and Part 2 research on the types of property owner involved in BIDs are as follows:

- property owners have been involved in fewer BIDs in terms of providing voluntary financial and/or in-kind contributions to development and operation than in terms of membership of the Board and/or working groups. However, over half of BIDs reported receiving financial support from owners for development and two-thirds reported receiving financial support for operation, whilst just under half reported receiving in-kind support from owners to both development and operation
- the financial contributions to both BID development and operation from private sector property owners, both in terms of the number of BIDs and the amounts, are dominated by national property companies. UK financial institutions have also made significant contributions, especially to BID operation. This reflects the targeting of larger or more visible property owners discussed in Section 2
- there is a very wide variation in the size of the reported contributions by property owners to both BID development and operation. In relation to development the range is from £1,000 to £3.5m, whilst in relation to operation it is from £10,000 per annum to £1.2m per annum. This wide variation underpins the differing resonance that the issue of the involvement of property owners has for BIDs across England. Typically (for those BIDs receiving contributions), we estimate that private sector property owners contributed around £30,500 per BID to development, and are contributing around £56,000 per annum per BID to operation
- mirroring the very wide variations in the contributions from property owners towards the costs of operation between BIDs, there are also very wide variations in the share of total BID budgets accounted for by these contributions (from as little as two per cent to as much as 38 per cent).

Chapter 4

Sustainability of property owner involvement

Key Points

- **There is only a limited amount that can be concluded about the sustainability of property owner involvement in BIDs on the basis of the Part 1 and Part 2 research. It is unlikely that this situation will have changed materially by the end of the study because, even at that stage, very few BIDs will have reached the end of their first term.**
- **There is no evidence available at present that the current level of involvement of property owners in BIDs is unsustainable. However, it would be incorrect to infer from this that it can be assumed, until any evidence is identified to the contrary, that the current voluntary approach to the involvement of property owners in BIDs is sustainable. The current voluntary approach is best described as 'precarious' because support from owners can disappear at any time for a variety of reasons, and it is difficult to see how it can be concluded definitively that the involvement of property owners in BIDs is sustainable unless it is established on a clear statutory base (although this raises wider issues).**
- **There are risks attached to an evidence-based approach to the issue of sustainability because the only evidence will be a clear trend that the current level of support is draining away. However, by that stage it may, at least for some BIDs, already be too late to reverse the trend and the mechanism by which such a trend is going to be identified and communicated to the Department and an appropriate response made is not clear.**

Introduction

- 4.1 In this section, we discuss the evidence available from the Part 1 and Part 2 research regarding if and why the involvement of property owners in BIDs is sustainable over time.

- 4.2 There is only a limited amount of evidence available regarding the sustainability of the involvement of property owners in BIDs. We have organised this evidence under the following three headings:
- Barriers to involvement;
 - Future involvement;
 - Conclusions.

Barriers to involvement

- 4.3 Over two-thirds (26 of the 37) of respondents to the Survey of Property Owners did not consider that there were any significant barriers to the involvement of property owners, whilst 11 respondents did consider that there are significant barriers.
- 4.4 Of the 11 respondents to the Survey that did consider there are significant barriers, four mentioned the costs of being involved, three mentioned that owners do not need to be involved in order to benefit from BIDs, and two mentioned the lack of a statutory requirement for owners to be liable for the BID levy.
- 4.5 When property owners were asked what more, if anything, could have been done to encourage the involvement of owners in BIDs, 23 of the 37 respondents considered 'nothing' (and one did not know). Amongst the 13 respondents who did consider that more could be done, the most frequent suggestions made were a requirement for a statutory levy on property owners to be introduced (three respondents) and/or for BID Boards (or equivalent groups) to include property owners (two respondents).
- 4.6 Most respondents (22 of the 28) to the Surveys of BID Managers indicated that they had encountered barriers to the involvement of property owners in the development of the BID. The most frequently mentioned barriers were the lack of a statutory requirement for property owners to be liable for the BID levy (19 respondents), the lack of time for the BID team to spend in targeting owners (17 respondents), and difficulties in securing accurate information on property ownership in the BID area (16 respondents).
- 4.7 Therefore, BID Managers were much more likely to identify barriers to the involvement of property owners than owners. This may reflect the fact that the owners were all currently involved in BIDs and hence may have found it more difficult to identify factors that would inhibit the involvement of other owners. In contrast, BID Managers are tasked with implementing the current voluntary system of involvement on an ongoing basis.

4.8 Most, if not all, of the case studies highlighted the difficulties caused by a lack of time and resources to target property owners and the limited available information on ownership in BID areas. The feedback from the consultations on the significance of the lack of a statutory requirement for property owners to be liable for the BID levy was more variable, reflecting the differing significance of owner contributions to the development and operation of BIDs highlighted in Section 3. In some cases, most notably central London where property owner contributions are critical to the success some of the BIDs, the issue of a statutory levy on owners is seen as being of fundamental importance, whilst in others where owner contributions are unlikely ever to be significant whatever the nature of the legislative framework, it is not perceived to be a major issue. This illustrates the importance of recognising the variability of the BIDs landscape in England and of not restricting the analysis to the level of BIDs in general.

Future involvement

- 4.9 Looking to the future, all but two of the 37 respondents to the Survey of Property Owners stated that it was currently the intention of their company to be involved in the BID for the foreseeable future (one respondent did not know, so only one respondent indicated that this was not the case).
- 4.10 Of the 35 respondents who stated that it was currently the intention of their company to be involved in the BID for the foreseeable future, 31 indicated that they expected to maintain their current level of involvement, one expected it to increase and one expected it to reduce (two did not know). The key factor in relation to their future level of involvement was the performance of the BID³².
- 4.11 All respondents to the Survey of Property Owners stated that they would be prepared to consider involvement in other BIDs, with 25 respondents answering 'Yes' and 12 respondents answering 'Possibly'. The decision by owners about whether to have further involvement in BIDs would depend on a wide range of factors, including the potential benefit for the company and the number of their properties in the proposed area, and also the BID management structure, the performance of existing BIDs, and the degree of support from other property owners and local authorities.
- 4.12 Therefore, there is no evidence from the Survey of Property Owners to suggest that the current level of involvement of owners is unsustainable. However, given that the longest running BIDs in England have been operational for less than 2½ years, it is unlikely that there would be any clear evidence either way on this issue at this stage.

³² The one respondent who stated that they expected their current level of involvement to fall in the future identified a reduction in their property ownership in the BID area as the reason for this decision.

4.13 The case studies have highlighted the following four factors that are likely to impact on the sustainability of the current level of property owner involvement, as well as the potential for increasing this level, and about which there is particular concern amongst those BIDs that have been most successful in attracting voluntary contributions from owners:

- **attrition** – BIDs are still a relatively new innovation in the economic development scene in England and property owners are, at most, in only their third year of contributing to BID operation. Consequently, there is no evidence as yet of any tendency for support for BIDs from property owners to peel away over time. The concern is that, at some point in the future, there will be a process of attrition which is a function of the passage of time allied to an ever present pressure to cut costs in a competitive environment and not related to the performance of the BIDs or the benefits they are generating. Moreover, given their limited resources, in this context BIDs would not be in a strong position either to keep current contributors ‘on board’ or to persuade other property owners to provide support. In Lincoln, a considerable amount of time and effort even had to be expended in converting the ‘in principle’ commitments of support from property owners included in the business plan into actual financial contributions. It is likely that there will be some attrition over time in the level of property owner support for BIDs, but at this stage it is not possible even to speculate about either its scale or significance
- **changes in property ownership** – in many BID areas, and especially in the main urban centres, there will be an ongoing process of change in property ownership. This means that BIDs reliant to any significant degree on voluntary financial contributions from property owners need to have an ongoing process in place for securing this support if their budgets are not to be significantly impacted. Given their limited resources, this can impose a considerable strain on BID management and delivery. Even if the BID is successful in persuading the new owner to make contributions to the BID, there is no guarantee that this will be on the same scale as previously. For example, the Heart of London lost two of their eight owner contributors as a result of changes in ownership and although, after considerable effort, the new owners were persuaded to make voluntary contributions, there has been a significant loss of income to the BID
- **changing structure of property ownership** – increasing foreign ownership of property and the impact of Real Estate Investment Trusts have been highlighted as two developments that are making it more difficult for BIDs in the main urban centres in England to retain and attract voluntary financial contributions from property owners. In part, this is an issue about being able to identify and contact the appropriate ownership interest, but it is also about whether foreign owners will have sufficient affinity with an area in order to be willing to make voluntary financial contributions to the BID

- **‘free riding’** – the evidence presented in Section 3 has shown that, for those BIDs that are receiving voluntary financial contributions from property owners, there is generally ‘free riding’ on a substantial scale because a relatively small number of owners are contributing relatively small amounts. Divergent views were expressed during the consultations regarding the attitude of property owners to ‘free riding’. Some of those interviewed suggested that property owners are focused solely on the benefits they derived and are not concerned about whether other owners are contributing, whilst others argued that ‘free riding’ on a significant scale is not sustainable in the long term, albeit that the greater leveraging of benefits for owners means it is likely to be less of an issue than it has proven to be in the past for occupiers. For example, one property owner in New West End stated that there would be pressure within his company to withdraw their financial support for the BID if they were in a minority of owners contributing, unless they were receiving some specific benefit

Conclusions

- 4.14 There is no evidence available at present that the current level of involvement of property owners in BIDs is unsustainable. However, it would be incorrect to infer from this that it can be assumed, until any evidence is identified to the contrary, that the current voluntary approach to the involvement of property owners in BIDs is sustainable.
- 4.15 The current voluntary approach is best described as ‘precarious’ because support from owners, and particularly financial support, can disappear at any time for a variety of reasons, including cost cutting and a change in strategy by companies, a change of personnel and a change of ownership. It is difficult to see how it can be concluded definitively that the involvement of property owners in BIDs is sustainable unless it is established on a clear statutory base (although this raises wider issues).
- 4.16 The potential instability of this funding source makes it difficult for those BIDs in receipt of significant financial support from property owners to plan their expenditure beyond the current year and this is likely to encourage short term thinking at the expense of a longer term and more strategic view. As we have highlighted in Section 3, this is not an issue that is faced by all BIDs in England and there are a significant number for which the current voluntary approach to the involvement of property owners is, and is likely to remain, sustainable, but there are also a significant number of other BIDs where this is not the case.
- 4.17 There are risks attached to an evidence-based approach to the issue of sustainability because the only evidence will be a clear trend that the current level of support is draining away. However, by that stage it may, at least for some BIDs, already be too late to reverse the trend and the mechanism by which such a trend is going to be identified and communicated to the Department and an appropriate response made is not clear.

Chapter 5

Conclusions

- 5.1 The overall aim of the research is to assist the Department in its assessment of whether property owners are sufficiently engaged in developing and contributing to BIDs in England under the current legislative framework. We have structured the conclusions to this Second Phase Research Report in terms of the Key Research Questions and Issues highlighted in the Research Specification.

Have property owners successfully been involved in BIDs?

- 5.2 Leaving aside the particular case of industrial estates where many premises are owned by their occupiers, most BIDs established to date in England have involved property owners during both development and operation. In most cases, this involvement is in terms of membership of the BID Board (or equivalent group) and working groups, with owners making voluntary financial and in-kind contributions in a smaller (but still significant) proportion of BIDs.
- 5.3 However, the issue is not simply whether property owners have been involved at all in BIDs, but also the scale and significance of this involvement. The evidence shows that the current involvement of property owners is thinly spread and there is a wide variation between BIDs in terms of all aspects of this involvement. This means that it is not possible to talk about BIDs in general because they are no more a homogeneous group than property owners. At one end of the scale, there is Heart of London and New West End where property owners have been central to BID initiation, development and operation, and at the other end there are the industrial estates and town centre schemes such as Keswick and Rugby, where there has been little or no property owner involvement.
- 5.4 It could be argued that the current legislative framework has, to date, successfully encouraged a level of involvement of property owners which is appropriate to the specific circumstances of the individual BIDs. However, the following four points suggest a much less positive interpretation of the current position:
- the key aspect of involvement is financial contributions to BID development and operation. This is both because of the context for the study and because there are clear limits to how many property owners can, or are likely to be, actively involved on Boards and working groups (although a closer financial link between owners and BIDs would also be likely to encourage greater engagement)

- at present, voluntary contributions from property owners to BID operation are limited, accounting on average for around 13 per cent of total annual BID budgets in those BIDs receiving contributions. ‘Free riding’ amongst property owners is currently occurring on a substantial scale. This may have implications in the future for the sustainability of the voluntary approach, but in the short term it places a significant caveat on any assessment of whether property owners have been involved successfully in BIDs
- a successful approach to the involvement of property owners in BIDs must have at least a reasonable chance of being sustainable. At present, BIDs are making strenuous efforts to achieve their objectives within the current legislative framework, but it cannot be assumed that any short term success can necessarily be maintained indefinitely
- any assessment of whether the involvement of property owners has been successful will need to consider not only the current activities of current BIDs, but also two other issues:
 - whether all of these BIDs are capable of realising their full potential based on a voluntary approach to the involvement of property owners
 - whether the approach to the involvement of owners is having an impact on the geographical distribution of BIDs

5.5 In relation to the second issue, a significant feature of the current BIDs landscape in England is that, in the central business districts of the major metropolitan cities outside London, BIDs have thus far only been established in Birmingham (Broad Street and Retail), Bristol (Broadmead), Liverpool (City Central) and Nottingham. This means that there are currently no BIDs, for example, in Leeds, Manchester, Newcastle and Sheffield (although there is development activity in Newcastle and a ballot is likely to be held later in 2008). It is difficult to see how BIDs can be assessed as being a successful element of urban policy if they are not present in most of the major cities of the country.

5.6 The reasons for the current distribution of BIDs are likely to be varied and complex and may include, for example, the role of the local authority, the wider context of urban regeneration (including access to public sector funding streams), the state of play in relation to partnership development, and the degree of engagement with major property owners. This suggests it is not only where BIDs have been established that is relevant to the research, but also where they have not³³. In the First Interim Report, we highlighted the case of Manchester Piccadilly where the BID model was not viewed as being appropriate at this stage, and the same arguments may also

³³ This issue was raised in the context of deprived areas by the recent report of the All Party Urban Development Group, ‘Business Matters – Understanding the role of business in regeneration’. This report proposes that provision should be made to include property owners in the BID levy where appropriate, which it argues would provide additional funds and make BIDs more sustainable, be more equitable, and encourage a longer term view.

apply to other regeneration areas, such as Stratford in East London and parts of the Thames Gateway.

- 5.7 In conclusion, at this stage it would be premature to conclude that property owners have successfully been involved in BIDs. There has been some involvement in most BIDs, but the scale and significance of this involvement has been limited in most cases and there are issues regarding its sustainability and replicability.

What type of property owners have become involved in BIDs?

- 5.8 The evidence shows that only a small number of BIDs have attached any priority to making contact with a wide range of property owners. This reflects the focus of the current legislative framework on occupiers and the limited management and administrative resources possessed by BIDs.
- 5.9 This means that, although the involvement of property owners has been wider than just securing the continued involvement of owners from previous partnership initiatives (principally town centre management schemes), there has been a targeting of the larger or more visible owners that have strong links with, a commitment to, and an interest in the local area. As a result, all aspects of the involvement of property owners in BIDs are dominated by national property companies and, to a much lesser extent, UK financial institutions.

Is the involvement of property owners sustained over time?

- 5.10 It is not possible to conclude anything definitively about the sustainability of property owner involvement at this stage because the longest running BIDs have only been operational for 2½ years.
- 5.11 There is no evidence available at present that the current level of involvement of property owners in BIDs is unsustainable. However, it would be incorrect to infer from this that it can be assumed, until any evidence is identified to the contrary, that the current voluntary approach to the involvement of property owners in BIDs is sustainable.
- 5.12 The current voluntary approach is best described as 'precarious' because support from owners can disappear at any time for a variety of reasons, and it is difficult to see how it can be concluded definitively that the involvement of property owners in BIDs is sustainable unless it is established on a clear statutory base (although this raises wider issues). As highlighted earlier, BIDs are not a homogeneous group and sustainability is not an important issue for all BIDs. There are a significant number for which the current voluntary approach to the involvement of property owners is, and is likely to remain, sustainable, but there are also a significant number of other BIDs where this is not the case.

Is the involvement of property owners key to the initiation, development and success of BIDs?

5.13 The evidence shows that the involvement of property owners has been key to the initiation and the successful development and operation of some BIDs but not others. Examples of those BIDs where the involvement of owners has been key include Ealing Broadway, Heart of London, Kingston First and New West End, reflecting the fact that they:

- are major retail, entertainment and commercial centres with high property values
- have a concentrated pattern of property ownership, with a relatively small number of key players having a strong commercial interest in the future of the area
- have a nucleus of major property owners with a track record of involvement in town centre management and other partnership initiatives
- have an active engagement with strategic issues in relation to the long term development of the area

5.14 At the other end of the scale are BIDs in industrial estates and towns such as Bedford, Ipswich, Keswick and Rugby, where lower property values, a dispersed pattern of ownership and the scope of the BID agenda mean that the involvement of property owners is, and is unlikely to be, a significant issue.

Are there any differences between BIDs where property owners are involved and where they are not?

5.15 Other than those between industrial estate and town centre/district wide BIDs, the significant differences are not between BIDs where property owners are involved and where they are not, because owners are involved to some degree in most BIDs.

5.16 Rather, the differences are between those BIDs where the scale of involvement in terms of financial support and the active engagement of property owners mean that the latter are a key ingredient of success, and other BIDs. These differences are reflected, for example, in the size of the BID budget and the involvement of the BID in relation to strategic issues regarding the long term development of the area.

Are property owners sufficiently engaged in developing and contributing to BIDs?

5.17 The answer to this question depends crucially on how 'sufficiency' is defined. If sufficiency is defined in terms of a level of property owner involvement that supports the initiation and development of a significant number of successful BID proposals, then the evidence from the Part 1 and Part 2 research suggests that this is being met. It is too early to reach a firm conclusion in relation to the successful implementation of these BID proposals, although the current indications are that this will also be met.

- 5.18 However, the nature of the current BID legislative framework has a significant influence on the scale and nature of property owner involvement, with the focus of BIDs being on developing proposals that will secure the support of business ratepayers in a ballot. Looked at in this way, the BID proposals which emerge are likely largely to be ones that do not depend on a substantial involvement of property owners. Consequently, the observed involvement of owners will, by definition, be 'sufficient' because the BID proposals reflect a funding regime linked to business ratepayers. In other words, this is essentially a circular argument that reflects the absence of an objective measure of 'sufficient'.
- 5.19 As noted earlier, this suggests that the judgement as to whether there has been sufficient involvement of property owners needs to give some consideration to the difficult issues of the impact of current BIDs relative to what potentially could have been achieved with an alternative funding regime in place, and the extent to which the development of BIDs has been constrained by the voluntary approach to the involvement of property owners. The limited and thinly spread involvement of property owners in BIDs to date and the geographical concentration of BIDs in London and industrial estates and medium/small cities and towns outside the capital provide the context for this consideration.

Appendix A

Study methodology

- 1 The original work programme for the study comprised the following three stages:
 - **part 1** – to examine the ways in which the pilots and other BIDs that emerged in the intervening period had engaged property owners in their development and early operation and how effective this had been (October 2004 to July 2006)
 - **part 2** – a review of the success of BIDs in engaging property owners in their development and operation (July 2006 to June 2008)
 - **part 3** – was to have encompassed an assessment of the continuing involvement of property owners in BIDs that had been operational for up to two years (June 2008 to December 2008). However, a decision was taken in August 2008 not to proceed with this phase of research as it was considered that any further work would not substantially add to the conclusions drawn from Parts 1 and 2
- 2 The study encompasses all BIDs that are being developed and operated in England. At the time of the Second Report, BID ballots had been held in 71 areas in England³⁴.
- 3 Of these BID ballots in 71 areas, 62 resulted in a ‘Yes’ vote³⁵. The unweighted average positive vote in the 71 areas was 71 per cent by the number of ratepayers and 70 per cent by rateable value³⁶, with an average turnout of 47 per cent³⁷.

³⁴ An initial ballot held in February 2005 in relation to the Altham BID (an industrial estate near Accrington) resulted in a ‘No’ vote. A subsequent ballot held in November 2006 resulted in a ‘Yes’ vote. An initial ballot held in March 2005 in relation to the Liverpool City Central BID resulted in a ‘No’ vote. A subsequent ballot held in October 2005 resulted in a ‘Yes’ vote. The Segensworth Estates BID in Hampshire required two ballots in May 2007 because it extends across two local authority areas (Fareham and Winchester). The Waterloo Quarter Business Alliance BID required two ballots because it also extends across two local authority areas (Lambeth and Southwark). There have been two unsuccessful ballots in Maidstone, Runnymede and Southport, and one unsuccessful ballot in the Bayton Industrial Estate, Chester, Leicester, and Malton and Norton. In addition, second term ballots were held in the Heart of London in February 2007, in the New West End Company in December 2007, and in Coventry City Centre in February 2008. Therefore, there have been 81 ballots to date in the 71 areas in England. In addition, BIDs have been established in Swansea in Wales, and in Bathgate, Inverness, Clackmannanshire business parks, Falkirk, and Edinburgh in Scotland.

³⁵ These 62 BIDs are, in chronological order of the successful ballot date, Kingston, Heart of London, Better Bankside, Holborn, Coventry City Centre, Paddington, Plymouth, New West End, Bedford, Lincoln, Birmingham Broad Street, Bristol Broadmead, Blackpool, Keswick, Rugby, Liverpool, London Bridge, Reading, Winsford Industrial Estate, Bolton Industrial Estates, Camden Town, Waterloo, Hainault Business Park, Ealing Broadway, Great Yarmouth, Hammersmith, West Bromwich (industrial estate), Brighton, Ipswich, Teesside Cowpen Estate, Hull, Altham (Accrington industrial estate), Retail Birmingham, Southern Cross (Bognor Regis industrial estate), Oldham, InSwindon, Cater Business Park (Bristol), Cannock Chase (industrial estate), Coventry City Wide, Angel Town Centre, London Riverside (Rainham industrial estate), Croydon, Erdington (Birmingham), Segensworth Estates, Argall (Waltham Forest industrial estate), E11 (Leytonstone), Sleaford, Truro, Worthing, Winchester, Taunton, Blackburn EDZ (industrial estate), Kings Heath, Nottingham, Longhill and Sandgate (Hartlepool industrial estate), Derby, Halebank (industrial estate), Astmoor (industrial estate), Dorchester, Daventry, Leamington, and Lancing. The nine ‘No’ votes were in Maidstone, Runnymede, Southport, Malton and Norton, Leicester, Chester, the Bayton Industrial Estate (Coventry), Colchester, and Shrewsbury.

³⁶ The average positive vote by rateable value does not include the results of the ballots in Runnymede (second ballot), Segensworth Estates (both Fareham and Winchester), and Colchester.

³⁷ The average turnout does not include the ballots in Argall, Colchester and Shrewsbury.

- 4 Our approach to the study includes the following five main elements:
- **background research** – including a review of the available international literature and consultations with key stakeholders
 - **surveys of BID managers** – providing a base of evidence on the ways in which property owners are involved in the development and operation of BIDs. In Part 1 of the study, questionnaires were sent by e-mail to 62 BIDs in development or operation, and responses were received from 26 organisations. In Part 2 of the study, questionnaires were sent by e-mail to 61 BIDs in development or operation, and responses were received from 25 organisations³⁸. In carrying out the Part 2 Survey, the BIDs were divided into five groups as follows:
 - those that completed all of the 2005 Survey (16 BIDs). Their answers on BID development were taken as given (16 responses) and they were asked to review their previous answers on BID operation (nine responses)
 - those that completed the 2005 Survey questions on BID development (four BIDs and four responses). They were asked to review their previous answers on BID development and to provide answers to the questions on BID operation
 - those not participating in the 2005 Survey and with a ballot date before June 2006 (11 BIDs and four responses). They were asked to provide answers to the questions on BID operation
 - those not participating in the 2005 Survey and with a ballot date after June 2006 (five BIDs and two responses). They were asked to provide answers to the questions on both BID development and operation
 - those where a ballot had not yet been held at the time of the start of the Part 2 Survey (26 BIDs). They were asked to provide answers to the questions on BID development (six responses) and operation (three responses) as appropriate.

³⁸ It would not be correct to infer from this that the response rate to the surveys was only 42% in Part 1 and 41% in Part 2. The reason for this is that in relation to the Part 2 Survey, for example, seven organisations indicated they were not yet at a stage in the development of the BID proposal that made it possible to complete the questionnaire. Therefore, the 'real' response rate was at least 46%. In addition, it is likely that at least some of the 20 organisations from which no response to the Part 2 Survey was received were in a similar position.

In total, there were 28 responses in relation to BID development and 22 responses in relation to BID operation:

- **surveys of property owners** – including property owners who are involved in BIDs, such as through initiating their development, participation in groups to manage their development and operation, or by making voluntary financial or in-kind contributions. In Part 2 of the study, completed telephone interviews were held with 37 property owners involved in 15 operational BIDs and one BID currently in development, out of a sample of 64 owners provided by the 16 BIDs³⁹
- **BID case studies** – involving consultations with BID Managers, Board members, property owners, occupiers and other relevant stakeholders. In Part 1 of the study⁴⁰, visits were made to five BIDs and one of the national BID pilots⁴¹. In Part 2 of the study, visits were made to 18 BIDs (Altham, Birmingham Broad Street, Retail Birmingham, Bolton Industrial Estates, Camden Town, Coventry City Centre, Ealing Broadway, Hammersmith, Heart of London, Hull, Ipswich, Kingston, Lincoln, London Bridge, New West End, Paddington, Teesside Cowpen Estate, and Waterloo), and telephone consultations were held with a further seven BIDs (Blackpool, Liverpool, Oldham, Plymouth, Reading, Rugby, and West Bromwich)
- **reporting** – drawing together the findings of each part of the work programme.

³⁹ It should be noted that, in the Part 1 Survey of Involved Property Owners, completed interviews were held with 64 owners. However, 29 of these contacts were provided by the BIDs and a further 35 were identified through a random survey of property owners in 20 BID areas. Subsequently, we have identified reasons to question the robustness of the latter group of 35 contacts. Therefore, the 'real' achieved sample was broadly similar in both Part 1 and Part 2 (29 and 37 involved property owner interviews respectively). In addition, interviews with 167 property owners not involved in BIDs in 20 areas was undertaken in Part 1, but a decision was taken not to repeat this exercise because of the limited usefulness of the results and the disproportionate volume of resources required to undertake the Survey.

⁴⁰ In addition, six BID case studies were undertaken as part of additional research on the development and operation of BIDs undertaken for the Department in 2006. The six case studies were Liverpool, New West End, Paddington, Plymouth, Reading, and Winsford Industrial Estate.

⁴¹ Birmingham Broad Street, Holborn, Keswick, Lincoln, London Bridge, and Manchester Piccadilly.

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