



British BIDs

Response to the Select Committee on Business, Energy and Industrial Strategy on Post-Pandemic Economic Growth: Industrial Strategy Sub-inquiry

Professor Christopher Turner
Chief Executive
British BIDs
The Master's House
19 Lower Brook Street
Ipswich
IP4 1AQ
Chris.turner@britishbids.info
07841 070672

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This submission to the House of Commons Select Committee on Business, Energy and Industrial Strategy Committee super inquiry on Post-Pandemic Economic Growth: Industrial Strategy Sub-inquiry is from British BIDs (Bb), a well-established membership organisation focused on serving the 329 Business Improvement Districts in the British Isles.

Bb provides advice, training, conferences, research, accreditation, ballot support, products and services. We have over 170 members across the sector and we have a team of BID practitioners providing information, advice and guidance to BIDs across the country.

A Business Improvement District (BID) is a business-led and business funded body, formed to improve a defined commercial area. The benefits of BIDs are wide-ranging and allow businesses to decide and direct what they want in their area, be represented, and have a strong voice in issues affecting their trading area. The BID collects a levy, the money from which is ring-fenced for use only in the BID area. This results in increased footfall and spend, improved staff retention, reduced business costs, and enhanced marketing and promotion activities in the area. A BID is a commercial company, with a Board, that enables businesses to work together with other stakeholders to plan infrastructure, work on pollution, improve traffic flow and movement, give guidance in place-shaping vision activities, have powerful networking opportunities with neighbouring businesses, and allow assistance in dealing with the Council, Police and other public bodies.

The BID mechanism allows for a large degree of flexibility and as a result BIDs vary in shape and size. The average size of a BID is 300-400 business premises, with some of the smallest having fewer than 50 premises and the largest at over 1,000. Annual spending is typically £200,000-£600,000 but can be as little as £50,000 per annum and as much as £2 million.

Currently there are over 133,424 businesses across the country in a BID, investing £132,493,286 into their local economies, and British BIDs uses its membership structure to communicate with and speak for them. All businesses are clearly affected by the government's Industrial Strategy, as it is very much an economic and business strategy, aimed at the economic health of the nation. Some 27 BIDs are Industrial; that is, they operate in industrial parks and similar.

Methodology

We have collated comments from our members in formulating this response; many have been involved in their own Local Enterprise Partnership (LEP) and their Local Industrial Strategies, and many closely follow the work of the Industrial Strategy Council. We have also completed a piece of research with the New Economics Foundation Consultancy on *BIDs and the New Normal: their responses to the COVID-19 pandemic of*

2020¹, which allowed data collection from a stratified group of over 60 BIDs, and we have been working with a wide range of Industrial BIDs, sharing information on what is happening across the country². British BIDs has an Advisory Board of industry experts which reviewed and gave the final approval to this submission.

[Our response to the various components of the Industrial Strategy](#)

The UK's Industrial Strategy, first published in 2017, was welcomed when it came out by many BIDs and other business groups, as a means to set consistent, long-term policy priorities for the British economy. We believe that the five key components of the Industrial Strategy remain useful:

- Ideas – to make the UK the world's most innovative economy;
- People – ensuring good jobs and greater earning power for all;
- Business Environment – the best place to start and grow a business;
- Infrastructure – delivering a major upgrade to the UK's infrastructure; and
- Places – creating prosperous communities across the UK.

We also continue to support the grand challenges of:

- Artificial Intelligence and Data – putting the UK at the forefront of the AI and data revolution;
- Ageing Society – harnessing the power of innovation to help meet the needs of an ageing society;
- Clean Growth – maximising the advantages for UK industry from the global shift to clean growth;
- Future of Mobility – becoming a world leader in the way people, goods and services move.

We are supportive of the Sector Deals, the partnerships between the government and industry on sector-specific issues designed to create significant opportunities to boost productivity, employment, innovation and skills. However, there are concerns that there seems to have been little progress on plans to meet these challenges, and even less in acting on them, in particular, the insufficient progress made towards achieving the target for carbon emissions³, and a sense that the Tourism sector deal seems to still be at an early stage⁴. The retail, hospitality and leisure industries are large and important to the economy, with major value to the UK economy in terms of Jobs and GVA but also likely to be one of the worst hit by Covid-19, so we are particularly interested in how the Industrial Strategy can encourage the reskilling and retraining of these staff, the resilience of this sector, the repurposing of the empty space left behind by these

¹ https://cdn.britishbids.info/publications/BIDs-and-the-new-normal_their-response-to-COVID-19-pandemic_BritishBIDs_June2020.pdf?mtime=20200610094558

² <https://britishbids.info/blog/industrial-and-business-park-bids-networking>

³ <https://industrialstrategycouncil.org/governments-industrial-strategy-has-made-progress-needs-refresh-and-reprioritisation-meet>

⁴ <https://www.visitbritain.org/tourism-sector-deal-announced>

closures for industrial use on the high street ⁵. Clearly the Retail Sector Council⁶ will have a key role to play here, and we are interested in how the Industrial Strategy, the Industrial Council and the various sector Councils work together and have shared and agreed output measures.

However, we also feel that the huge value the country's successful creative and cultural industries, which contributed £111.7 billion to the UK in 2018, was overlooked in this Industrial Strategy, perhaps reflecting a confusion as to exactly what should be in an Industrial Strategy.

Nonetheless, whilst these still appear to be worthy aims, two key messages from our members have focussed on Brexit and Covid-19 and the need to rethink the strategy in the light of these two major structural changes. We recognise that whilst it is not possible to make any strategy 'future proof' we do need to have some thinking and planning around the sort of major social and economic changes that are already starting to emerge. The third major message from our businesses is the vital need for collaboration across organisational boundaries to tackle shared issues, a message that has emerged even more strongly during the current Covid-19 pandemic.

BIDs are also concerned that it appears that many of the initiatives set in train under the UK's industrial strategy may make no difference to the performance of the economy⁷. The Industrial Strategy Council has already suggested that the government's plans to boost productivity and earnings need a much greater degree of focus, financing and policy co-ordination to meet its overarching goals. Some BIDs echo the view that an effective industrial strategy is central to tackling some of the deep-seated structural challenges facing the UK economy, among them the climate crisis, 'levelling-up' the regions, the skills deficit and productivity. They are also of the view that at present, these policies seem not yet to be operating with the consistency and co-ordination, nor with the scale, necessary to meet these challenges.

Feedback from BIDs and the LEPs that we work with recognises that the UK economy is diverse, complex and resilient. This makes it adaptable and capable of diversifying from current strengths. Across the country, the economy prospers on multiple fronts: through its knowledge-driven businesses operating at the cutting-edge of innovation; through its service-driven economy which can support both an international and local population; its vibrant creative and cultural industries; the leisure and hospitality industries; and the manufacturing industrial base, which is still strong. It must be built on deep foundations of high-skilled workers, varied job opportunities and good wages. It is this variety that requires local leadership, light touch but bringing together the key players on a regular basis. BIDs are keen to be part of that local leadership, and in many places are already part of those discussions. They believe that more can, and needs to, be done.

⁵ <https://www.gov.uk/government/news/industry-led-retail-sector-council-launched-to-act-as-champion-for-future-growth>

⁶ <https://retailsectorcouncil.co.uk/work-streams-1>

⁷ <https://industrialstrategyCouncil.org/sites/default/files/attachments/ISC%20Annual%20Report%202020.pdf>

Regional differences

Many BIDs are committed to regional support and attempts to 'level up'. We are clearly concerned that regional differences in performance across the UK are larger than in most other large, high income countries, and are at very high levels by historical comparison. We believe that this underscores the importance of the Government's strategy of "levelling-up" the UK.

Many British cities are successful, with high levels and growth rates of productivity and income. However, not all cities are doing well and, in many towns, coastal regions and rural areas, levels and growth rates of productivity are low, causing them to be left behind. It is important that BIDs can be set up in some of these less-advantaged areas, and currently that is less easy. Towns and city centres are more than just high streets, and the Future High Street Fund, however worthy, is focussing on the high street rather than the town and city centre. Work from the Centre for Cities⁸ reinforces the view that towns and cities have to be seen in the round, and we are unsure of quite what the mechanism is to ensure that, apart from the relationships between each LEP and its constituent local authorities. We are not confident that this always works as well as it might.

Local industrial Strategies

We believe that there is much value in the development of Local Industrial Strategies. However, there is a clear need for a commitment to longer-term funding to support LEPs in building policy-making capacity. Local industrial strategies (LIS) are led by Mayoral Combined Authorities or Local Enterprise Partnerships; they are intended to promote the coordination of local economic policy and national funding streams and establish new ways of working between national and local government, and the public and private sectors by way of Local Industrial Strategies [LIS]. It seems evident that there are differences in these various LISs, with some having a greater focus on raising productivity and inclusive growth; and a deeper dive into the evidence base.

There is a clear need for better communication and understanding between central government and Local Enterprise Partnerships (LEPs). There is some understanding about the purpose in principle of LISs but very little understanding amongst local businesses as to what this means in practice, and many BIDs feel that there is an unclear relationship between their LEP and their local authorities on how their LIS is to be effected.

BIDs feel that the process has varied regionally and whilst some LEPs are well-placed to coordinate sub-national economic policy, some improvements need to be made in terms of co-production with government, and there was a feeling that inter-LEP policy co-ordination, and uncertainty related to future funding and government policy, impeded the process of developing LISs.

⁸ <https://www.centreforcities.org/blog/what-does-the-covid-19-crisis-mean-for-the-economies-of-british-cities-and-large-towns/>

Local areas need to benefit from continuity in UK regional policy as this ensures a strategic approach to achieving long-term economic goals.

Collaborative activity.

BIDs are very positive that one vital outcome of the Covid-19 pandemic has been the effectiveness and vital role of collaboration. The local strengths and challenges and good working relationships between key local and diverse stakeholders, including local businesses, academia, local authorities, and health authorities have been essential.

Monitoring and evaluation.

BIDs themselves are governed by quinquennial ballots and thus fully understand that data needs to drive outcomes, along with stakeholder engagement and strong monitoring and evaluation⁹; these are the processes that we live with. However, there seemed insufficient focus on ensuring robust policy evaluations that filtered down to the local level. This may, of course, be our fault, but nonetheless it should be addressed.

Creative industries

We are very conscious that the creative and cultural Industries sector last year was growing more than five times faster than the national economy and creative industries contributed more than £111bn to the UK economy in 2018. We are conscious that the Covid-19 pandemic will affect the industry more than most and we look to any emerging new industrial strategy to reflect this importance.

The creative industries encompass the best and brightest of UK businesses and these figures paint a vibrant picture of creativity and talent in our country today¹⁰.

The digital sector contributed £149 billion to the UK in 2018, accounting for 7.7 per cent of the UK economy. This contribution is up 7.9 per cent on the previous year, meaning growth in the sector is nearly six times larger than growth across the economy as a whole, which increased by 1.4 per cent.

Manufacturing sector

A number of BIDs felt that contrary to the idea that we are now a nation of shoppers and service industries, Britain still has a manufacturing sector¹¹, much of it located outside our major cities, often in BID areas and a vital part of skilled, well-paid employment. Amongst some, there was a sense of losing something whose absence will make the future even more perilous. Jobs in textiles, aerospace, automotive production and much more besides are disappearing at speed; the industries are crying out for dedicated help from the government, and this seems not to be fully recognised.

⁹ <https://www.enterprisem3.org.uk/sites/default/files/2020-02/EM3-Evidence-Base.pdf>

¹⁰ <https://www.gov.uk/government/news/uks-creative-industries-contributes-almost-13-million-to-the-uk-economy-every-hour#:~:text=The%20creative%20industries%20encompass%20the,talent%20in%20our%20country%20today.&text=The%20Cultural%20Sector%20contributed%20%C2%A3,cent%20from%20the%20previous%20year.>

¹¹ <https://www.theguardian.com/commentisfree/2020/aug/09/work-britain-industries-jobs-tory-manufacturing-investment>

Between its retailing and manufacturing wings, the UK car industry is reckoned to have already lost 11,000 jobs. Alexander Dennis, a manufacturer of double-deckers whose key site is in Falkirk, but has sites across the country, are set to cut hundreds of staff. In such places as Derby, south Wales, Chester and the industrial cluster that sits on the northern edge of Bristol, aerospace is in equally dire straits. Airbus intends to shed 1,700 British jobs; the figure for Rolls-Royce is 3,000.

We note that the government plans to give £200m in grants to boost research and development to make air travel “safer and greener”; manufacturers have also drawn on state-backed loans and help with exports. But we have to say that this is limited in comparison to what is happening elsewhere. France has launched a €15bn (£13.5bn) support plan for its aerospace industry, exchanging government help for faster progress towards greener aviation; Germany has established a €50bn industrial fund aimed at “climate change, innovation and digitisation”.

Both countries, moreover, have systems in place that will continue subsidising short time working to protect jobs

International trade post Brexit

There were obviously concerns from some BIDs that the industrial strategy post-Brexit needs to be carefully developed and presented. International trade was vital in many of our towns and cities, in computing and digital services, building and architecture, and in manufacturing. Some BIDs were aware of plans for freeport zones, with an application for the Tilbury and London Gateway locations on the Thames. We also understand that the government seeks to grant freeport status to 10 different locations¹² throughout the U.K. and we hope that the key benefits of freeport status, (that the areas stand apart from British borders allowing for different tariff, tax, and staffing regimes and giving businesses an advantage), can be fully realised.

Conclusions

The 329 BIDs represent 133,424 individual businesses, and during our data collection all saw the post-Covid ‘new normal’ as a place of major change, with much uncertainty but also much possibility, and we would like to see a post Covid-19 world more recognised in the Industrial Strategy.

We look to the Industrial Strategy to lead to greater collaborative working, and greater synergies between the vital Local Industrial Strategies, Local Enterprise Partnerships and local businesses.

We are interested in how the Industrial Strategy, the Industrial Council and the various sector Councils work together and have shared and agreed output measures.

We look to clearer leadership on vital support in skills and research and development in manufacturing and the cultural and creative industries.

We are particularly interested in how the Industrial Strategy can encourage the reskilling and retraining of retail, leisure and hospitality staff, the resilience of this

¹² <https://www.gov.uk/government/consultations/freeports-consultation/freeports-consultation>

sector, and the repurposing of the empty space left behind by these closures for industrial use on the high street.

We look to clearer and increased activity in the post Brexit international trade arena.

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