

A model for making better places?

Business Improvement Districts (BIDs) can offer a model for better place management, design quality and sustainability in the face of increased competitive pressure says **Peter Williams** and **Giles Semper**

In the search for effective delivery mechanisms for local economic and social well-being a focus for the way areas define themselves and develop is being increasingly provided by Business Improvement Districts (BIDs), entities with the advantage of both formal status and secure funding, to lead in the role of place management. BIDs are key players alongside local authorities and many of these in London are active in schemes such as the pedestrian-friendly measures at Oxford Circus, the environmental enhancements in Camden and, in the direct experience of the authors, the Business Improvement District Better Bankside seeking to achieve an environmental transformation in a mixed area of inner South London under the Bankside Urban Forest banner.

The adoption of BIDs in the UK should be seen in the wider context of town centre management. For more than 20 years, there has been significant and widespread interest in different approaches to town centre management. The focus has progressively broadened to the point where we now speak of the wider

agenda of 'place management'. BIDs form part of this growth, while offering a distinct and different approach.

As the panel alongside explains, BIDs are established through a ballot of those who will be expected to pay a special levy to improve the defined area and are authorised by local government based on local plans reflecting the priorities of those who will be sharing the expenses. A board of directors oversees the work and is principally composed of private sector people with some government representation. BID plans typically are authorised for a maximum of five years and may be renewed at the end of the BID term.

The most significant feature of the BID model for the UK is in the way that it generates reliable revenue. Critically the BID model came at a time when the 'voluntarism' that underpinned the funding of town and city centre partnerships was beginning to be tested. The partnership model was becoming a victim of its own success. Multiple retailers and other centre occupiers had begun to flinch at the cumulative costs of supporting partnerships in up to 400 centres. This inflamed an ongoing

grievance against 'free-loaders' who received the benefits but didn't contribute.

Since the enactment of the UK BIDs legislation in 2004 the development of BIDs has exceeded the expectation of most. To date there have been in excess of 120 ballots resulting in 88 BIDs.

The pattern of development has been characterised as 'waves' – with commercial and town centres BIDs being supplemented by a growing number of industrial estate BIDs – but there is no indication of the growth curve abating.

With the more obvious locations already developed, a 'third wave' of BIDs is now underway, and includes more marginal locations where property values are lower.

London has led the way in BID development. With just 12 per cent of the population, it provides 17 of the 88 BIDs in the UK (19 per cent at the time of writing).

Although successful BIDs typically rely on there being a degree of 'organisation' in commercial centres, there are a variety of other factors that determine success or otherwise. In assessing BID feasibility in a number of locations, The Means, a regeneration and 'smarter travel' consultancy focusing on making better places, has developed a matrix of appraisal criteria. These are applied to the whole of a potential area, as well as to smaller 'zones' within it:

SUSTAINABILITY

Is the revenue generated from the levy in proportion to (or in excess of) the revenue required to service the area in question?

VIABILITY

Can the levy be set at a reasonable level and still generate adequate funds for the BID? (At this point no-one has developed a model that sets the cost of running a BID against, say, the square metreage of each area.)

HOW BIDS WORK

A BID is a business-led and business-funded body formed to improve a defined commercial area. The majority of BIDs exist in town centres, however there are increasing numbers in industrial areas, as well as commercial and mixed-use locations. The BID mechanism allows for a large degree of flexibility and as a result BIDs vary greatly in 'shape and size'. A BID is formed following consultation and a ballot in which businesses vote on a BID proposal or business plan for the area. The ballot, covering a fixed term though attendable, is generally run by the local authority or outsourced by the local authority to a third party. All businesses eligible to pay the levy are balloted. Annual BID income is typically £200,000-£600,000 but can be less than £50,000 per annum or over £2 million. For a BID to go ahead the ballot must be won on two counts: straight majority and majority of rateable value (the value of a commercial property unit). This ensures that the interests of large and small businesses are protected and. The genesis of Business Improvement Districts (BIDs) is usually associated with North America, with the first sightings in Canada. The model has since spread to other English-speaking countries, such as South Africa, Ireland and the UK. There is growing interest in mainland Europe, with Germany and the Netherlands in the vanguard.

MARKETABILITY

What is the likelihood of winning a BID referendum? The costs of marketing the BID and running the referendum need to be in reasonable proportion to the eventual levy outturn. There needs to be an adequate number of businesses which will directly benefit from the BID. Broadly, it is assumed that shops, restaurants, sports and leisure facilities, arts and culture facilities will reap a greater reward in terms of increased business. Offices and most other types of property will reap a lesser reward in this respect, but will benefit in terms of greater employee and client satisfaction.

DO-ABILITY

Can BID services complement (or 'join up' with) existing services in such a way as to make a significant difference? Some of the considerations are:

- Is there a 'gateway' area which can be improved?
- Are there streets that could benefit from improvements?
- Is there a landmark visitor attraction which can be better serviced?
- Is there a pressing social/environmental issue which can be addressed?

SOCIAL RESPONSIBILITY

Businesses can work to deliver social/educational programmes to the communities in which they are located, particularly when there might be benefits in terms of reduced crime and anti-social behaviour. This would give preference to areas with a residential population, particularly ones that suffer from social exclusion. While we are convinced that many locations will meet the above criteria, doubts remain about how the growth in the number of BIDs can be sustained after the more 'obvious' locations have considered them. What are the impediments to BID development going forward? We have identified three broad challenges which may restrain or arrest their advance, and considered what the remedies might be.

An important feature of BIDs is that they are private sector-led. However the public sector has played an indispensable role in acting as the catalyst to start the process in different locations, often providing the up-front risk finance. While there is provision in

the BIDs regulations to reclaim start up/campaign costs from the BID levy, that would only be possible in the event of a successful vote. There is little evidence of businesses being prepared to forward fund BID development.

Equally, the earliest BIDs emerged from supportive public sector or trade association-driven learning networks such as those operated by The Association of Town Centre Management, The Circle Initiative, Society of London Manufacturers, Scottish BIDs, and East Midlands Academy. Further BID development will depend to a large extent on other agencies being prepared to follow this route.

Increasingly BIDs are critiqued for their apparent lack of democratic accountability. They are portrayed as a form of corporatism with limited aims other than to drive up sales, and being established to serve one set of masters. To these charges have been added further concerns around the civil liberties agenda, encapsulated in the phrase 'the privatisation of public space'. BIDs need to be sensitive to this charge, examine their objectives and operations, and respond. Best practice in BIDs already provides a coherent and convincing riposte.

While Clean, Green and Safe are still the staples, BIDs are stretching their programmes to include corporate social responsibility, employment initiatives, smarter travel, area promotion, business networking & support, environmental performance and recycling.

This broadening agenda widens the focus onto the so-called triple bottom line – people, profit, planet. Several of the Central London BIDs offer free recycling to their membership. This is driving up recycling rates while at the same time reducing costs for participating businesses. Increasingly BIDs are adopting more of the local economic development agenda with enterprise and employment focused initiatives: Camden Unlimited has tackled the growing problem of retail vacancy through introducing an innovative pop-up shop model.

BIDs can play a key role in place management. Local centre users are not just 'retail customers'. They include those of all ages, those visiting the library and town hall, for recreation and



At Better Bankside, with so much property development underway, the BID has promoted a strategy for the spaces between buildings, looking for opportunities to steal space for incorporation in the public realm through carefully designed interventions. Making what little space there is available work harder, is being pursued through the introduction of containerised planting and placement of pink chairs

for business. However places do need active management. There is no reason to believe that they are civil by default. The informal policing of the past is not set to return. People are both less respectful of all levels of authority and less inclined to intervene. Contrary to being a threat, BIDs are already playing a role in democratizing place management. Street wardens, for example, need not be exclusively security personnel. The most successful BIDs have accentuated the ambassadorial role with visitors and businesses. They have linked patrolling with environmental monitoring, where strong relationships have developed with relevant council services, so that problems get reported and fixed. Team London Bridge BID has pinpointed long neglected urban spaces and transformed them through their 'pocket plaza' programme.

One thing is common to all BIDs however - they must face the reality that any failure to satisfy their constituencies will see them voted out of office, hence the need to deliver real benefits and for excellent communications with their membership and other stakeholders.

■ Peter Williams and Giles Semper are partners in The Means, managing consultants to the Better Bankside BID