



Business Improvement Districts

UK experiences in managing town centre destinations



Chris Melia, Locum's Director for the North, talks to those in the know about Business Improvement Districts (BIDs), one of the most innovative urban management initiatives of recent years.

BIDs – Some background

Julie Grail, Director of Partnership Solutions and the Chief Executive of British BIDs, describes BIDs as “essentially business-led partnership companies which exist for the benefit of the commercial operators within a defined zone or District.” Since they are legal entities (which businesses are obliged to fund once they are established), before a BID can be created, a formal proposal must be produced and put to a stakeholder vote.

One of the key selling points of BIDs, Julie believes, is that the levy raised is ‘ringfenced’ for the area. This means that for every £1 that is collected, £1 will be spent directly on the activities which the businesses see as a priority. In fact, since the BID levy is often used to lever in additional funds, in many cases each pound raised enables a greater amount of expenditure in the District. Understandably, for many BIDs, the focus of their attention is on management and marketing, although increasingly new and innovative initiatives such as doorstep commercial recycling, night-time taxi marshalling and Bluetooth marketing are being funded and delivered by the schemes.

The democratic nature of BIDs is clearly appealing. Since the legislation enabling BIDs was passed in 2004, sixty-six Districts have been created successfully, of which nearly two thirds have been for town centres. Perhaps the most revealing statistic about the perceived value of the schemes, however, can be seen from the overwhelming majority of businesses which have voted for them. Overall, 85% of all votes to date have been in favour of the proposed schemes and of the three schemes which have been through a renewal ballot (when businesses have to elect to keep or reject their schemes for the next term of up to 5 years), all have voted in favour of retention.

Julie cautions, however, that setting up a BID is a complex and time-consuming process, requiring start up funding of between £50,000 and £150,000, dedicated staff resources and support from the majority of businesses in the area. A useful toolkit, which provides a step by step guide on setting up a BID, can be downloaded from www.londonbids.info.

If you are interested in knowing more about BIDs, Dr Julie Grail has produced an article which can be downloaded from Locum's website at www.locumconsulting.com

BID Case Study: Heart of London

Mark Boyse, a former Director of Burford, (owners of London's Trocadero) and Sarah Porter, Heart of London's BID Manager, have been closely involved in the Heart of London BID. The Heart of London was the second BID to be established in the UK and the first to be voted back in for a second term.

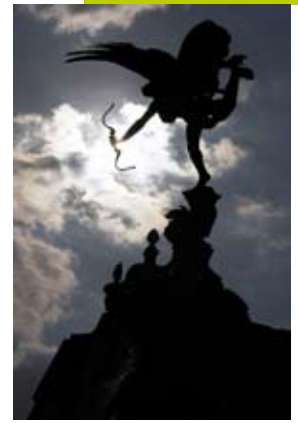
The Heart of London Business Alliance acts on behalf of businesses and property owners in the area surrounding those world-famous landmarks Piccadilly Circus and Leicester Square. The Business Alliance operates services which help keep the area clean, safe and welcoming – supporting all those who invest, work, live in and visit the locality.

In 1997, the area around the Trocadero had its share of problems with drunken, late-night revellers, dirty narrow pavements and a reputation for petty crime. As owners of the centre, Burford realised that improvements to the area were critical if they wanted to change the profile of their visitors and make the Trocadero a nicer place to visit. So, as part of a 'Safer Streets' think tank, Mark began to explore the impact that Business Improvement Districts were having in similar areas in the US.

Burford's research looked at a range of models of different scales and with different priorities, but in particular they were impressed with Bryant Park in New York, an area formerly known as 'Needle Park', which had been transformed through the collective action of a BID. From Burford's point of view, there was a straightforward commercial motive behind their interest; they wanted to increase the value of their centre. So with the commitment of Westminster City Council, British Land, Land Securities and Crown Estates amongst others, Mark began to explore the legal implications of setting up a BID for the immediate area around Coventry Street.

Mark explained, “Initially we were worried that the other landlords would just see it as an increase in their rent or rates, but in fact nearly all could see real benefits. They were prepared to pay for improvements, but in return they wanted to be involved in the process and to have a say in what happened. And there was an added incentive. Burford were prepared to put an additional £500,000 on the table and we raised extra funds from Europe. This gave us enough money to make a genuine difference, right from the start”.

With the backing of the local business community, the Heart of London BID was one of a group of five which successfully pushed



for the necessary legislation to formalise the process. Initially, the BID was focussed on a relatively small area around Coventry Street, but this was soon extended to include Leicester Square and Piccadilly Circus, taking in many of the West End's biggest and most influential businesses. The decision was also taken to include all businesses, including offices which is the biggest sector represented by the Alliance.

A not-for-profit company, limited by guarantee, was set up and management staff were recruited to run the operation as a business. But the partner organisations remained very much involved and added their own resources to make the money go further. The Trocadero, for example, offered its basement space to the Metropolitan City Police for a peppercorn rent, allowing them to set up a CCTV control room. Their presence had the double benefit of making uniformed officers more visible in the area, but also ensuring that they were close at hand if ever they were needed.

In 2003, Sarah was recruited by the group as Chief Executive of the Business Alliance. She picked up the story. "The first vote was in 2005 and 62% of eligible businesses voted, well ahead of the necessary 50% turnout required. 71% voted in favour of establishing the scheme."

Interestingly, the steering group decided that the initial mandate would be for just two and half years, ensuring that businesses were given the opportunity to vote again quite quickly once they had some experience of what it was actually delivering. In the 2007 vote, there was a 63% turnout and a conclusive 89% yes vote. The current BID is now mandated until 2012.

There are currently around 220 businesses within the 'district' (only businesses with a rateable value of over £50,000 have to pay)

and the Alliance has an annual budget in the region of £1m per annum. 57% comes from the BID levy, which is paid by the occupiers of premises, either owners or tenants. The balance comes from voluntary contributions from the property owners who commit to three years' worth of funding at a time.

There are four core areas of activity, delivered by five members of staff: safety initiatives, marketing, cleanliness and management of the BID. In many cases, the Alliance works alongside other agencies, supplementing or enhancing the services provided by Westminster City Council and the local police where this is necessary. As Sarah explained, "the Alliance has learned that operating services independently is only useful as a short-term measure whilst they work with the statutory bodies to ensure that their provision meets the needs of the businesses. Our management costs are covered by the voluntary contributions from property owners so that all of the levy is spent on actual activity on the ground. That is quite an important message".

Increasingly, the Alliance is now also becoming involved in more strategic issues such as the £18.5m revitalisation plans for Leicester Square and investigating the options for joining up with the neighbouring BID which covers The Bond Street, Regent Street and Oxford Street area. "This would", as Sarah points out, "create a very influential voice with real political clout."

Three years on, what does Sarah believe the BID has achieved? "There are a number of obvious and less obvious successes", she claims. "At one level you can see, and even smell, the improvements we have made to the area! Five years ago, the streets around here used to feel much less safe at night, and there was always the telltale smell of urine lurking in the alleyways in the morning.

Now, with the safety measures, and meticulous cleaning programme, everyone can see how much nicer it is to work and visit round here. But perhaps some of the most valuable benefits are the ones that can't necessarily be seen. Staff retention has improved because it is a better place to work and people no longer feel afraid if they have to leave work late. It has undoubtedly improved the performance of the businesses by encouraging more people to come here, enjoy themselves and spend more money.

We have been tested a few times since we began. When the Trocadero and Swiss Centre were sold, we had to persuade the new owners to pick up the voluntary contributions that were made by the original landlords. In both cases we succeeded, and, of course, there was the second vote. Since we were the first BID to go through it, it wasn't just us who wanted it to succeed. Other BID Managers around the country were watching us with some trepidation to see what happened.

With the next five years secured, we are now looking to the future, finding ways of making the Alliance more self-sufficient and concentrating on improving our communications with our businesses".

Locum Destination Review will return in five years time to see how things have gone!

Chris Melia

Director, Locum Consulting