Executive summary

A Business Improvement District (BID) is an initiative supported by local businesses and the local authority which aims to improve a specified geographical area. BIDs are principally funded via a mandatory levy on business occupiers, which is in addition to the non-domestic business rate, as well as by voluntary contributions from local landowners and commercial partners.

BIDs enable business occupiers to have a greater influence over their local area. They help to boost visitor numbers and improve the commercial environment principally through marketing and economic development work as well as by creating cleaner, safer and more accessible zones.

The alignment of BIDs with the GLA’s overarching efforts to maintain London’s success as a world city is reflected in their prominence as an implementation tool within the London Plan. They also feature in the Mayor’s current draft economic development strategy.

BIDs form and function appears to fit the Government’s localism agenda well, with local businesses at liberty to decide whether or not they want a BID. In addition, the BID model allows local businesses to have more of a stake in their local trading environment.

The satisfaction with BIDs among the business community is evident in the 100% success rate of ballots for all London BID schemes to date. BIDs have also been favourably viewed in a CLG review and the Lyons review of local government funding dated 2007.

Looking ahead there are a few challenges facing BIDs. With the introduction of the Crossrail levy there are concerns about the willingness of business occupiers to continue contributing. At the same time business occupiers must deal with a weak economy, an increase in the rate of VAT and, in many cases, higher business rates following on from the 2010 rating revaluation.

The lack of mandatory financial contributions from landowners in some BIDs is another difficulty and could be viewed as a free-rider problem. However, in some cases legal arrangements do exist between BIDs and their landowners, and recent primary legislation may soon allow for property owners to contribute more formally to BIDs.

Further difficulties include the limited scope of their activities and relatively high development and administration costs. With a maximum five year lifecycle, BIDs tend to focus on short-term activities, especially marketing, rather than on long-term investment in, for example, infrastructure improvements.

Accurately measuring the success of BIDs is problematic as there is no universally accepted means of monitoring performance. The tools to do this are available and the membership organisation British BIDs runs an accreditation scheme. But greater use of such systems is needed to enable BIDs to become more objective in terms of benchmarking their performance, demonstrating their effectiveness and setting priorities for the future.

A possible direction of evolution would be for individual BIDs to become broader in terms of their geographical coverage and scope. On the one hand taking a longer-term view may help to open the door to better collaboration with local landowners, but on the other hand, could risk internal disagreements and a loss of focus and support.

An increase in the number of BIDs but with greater cross coordination is an alternative and potentially more attractive approach. The sharing of staff and premises between BIDs, for example, would help to reduce running costs, so that more of the BID levy could be used to deliver benefits to business.

In the challenging funding conditions that lie ahead, BIDs will need to be more adaptable and have a stronger focus on value for money. One solution could be to get smaller companies to contribute that currently do not, but this would require a change to the regulations and may only have a limited impact. A more powerful alternative could be for BIDs to raise funds compulsorily from local landowners.

Since 2005, 23 BIDs have been established in London with 11 in central London but there is the potential for more to emerge. The most likely candidate areas are those where: there is an agreed need for improvements above those offered by the local authority, local businesses are willing to contribute and the level of funds raised would be sufficient to meet the proposed BID’s objectives. New schemes are currently being considered in Vauxhall and Edgware Road.

Other central London submarkets currently without BIDs that could potentially benefit include: parts of Soho, Fitzrovia, Strand/Charing Cross, Cheapside, Whitechapel, Spitalfields/Shoreditch, Bethnal Green, Knightsbridge and Baker Street. The adaptability of the BID concept means that new schemes can be shaped by the needs of local businesses with strategic goals ranging from purely retail to more general commercial activities.

Westminster City Council has played a central role in developing, regulating and operating BIDs within their Borough. The City Council supports a move towards property owner BIDs and aims to encourage a greater focus on their role within the local community. In the build-up to the 2012 Olympics, the City Council is working with BIDs to maximise the potential benefits to London businesses.

BIDs acting together will help to encourage investment in London and increase its performance on the global stage. They should aim to become a new focus for localism at the micro level in central London to supplement the role of Boroughs, which cover large areas, and channel the ideas and motivation of local businesses and landowners into helping improve local areas.
What are BIDs and why were they set up?

A Business Improvement District (BID) is an initiative supported by local businesses and the local authority which aims to improve a specified geographical area. BIDs are principally funded via a mandatory levy on business occupiers, which is in addition to the non-domestic business rate, as well as by voluntary contributions from local landowners. BIDs vary in terms of their objectives but common aims include the following:

- Increase visitor and customer numbers,
- Reduce crime levels,
- Raise the profile of local businesses,
- Provide a cleaner environment,
- Improve the relationship between businesses and local authorities,
- Provide a forum for stakeholders,
- Provide advocacy of local business issues.

The history of BIDs is rooted in the development of public private partnerships in the UK during the 1990s, in particular Town Centre Management Schemes (TCMSs). Funded by a combination of local authority funds and voluntary private contributions, TCMSs were developed in response to falling consumer spending, increased competition from rival retail centres, the emergence of out-of-town retail parks and dissatisfaction among business occupiers with local council services.1 Their focus was largely on street cleaning and marketing activities for the good of the local business community.

A major difficulty with some TCMSs was that, as their income relied heavily on voluntary contributions, they were often inadequately funded and suffered ‘free rider’ problems of those not paying-in receiving benefits regardless. Policy makers began to look to the USA for a solution where the BID concept had become well established since first emerging in Canada during the 1960s and 1970s. The potential for the BIDs concept to be transferred from North America to the UK was examined in the mid 1990s in a study partly funded by the government.2

The BID funding structure circumvented the problems with TCMSs as it was based on a compulsory levy on all business occupiers within the affected area. BIDs were adopted in the UK in 2005 following the introduction of the Local Government Act 2003 and subsequent regulations in 2004. A key difference between the US and UK model, however, was that funding would be raised via a levy on occupation rather than ownership.

In order to set up a BID in England and Wales, BID proposals must pass the ‘dual-key test’. Potential members are balloted, if the majority vote in favour, and if the combined rateable value of those that vote yes is higher than those voting against, it will be approved. This test is designed to prevent large companies forcing through BID proposals against the wishes of smaller neighbours, and vice versa. Once approved, all business rate payers in the area must contribute, although there are normally minimum rateable value thresholds set by BIDs individually, below which businesses do not pay the levy (or have voting rights).

The UK’s first BID began operation in outer London at Kingston-upon-Thames in 2005. Since then a total of 23 BIDs have been set up in the Greater London area. In central London there are 11 current BIDs (see table 1), and potential future BIDs are being considered for Edgware Road and Vauxhall.

While there may be subtle differences in objectives from one district to another, with some placing a greater emphasis on improving the retail experience for visitors and others promoting a better commercial working environment, by and large the BIDs of London share similar aims (see table 2). Most are retail orientated, but there are now two mainly commercial BIDs in central London (Holborn and Victoria) and six industrial BIDs in outer London.

A programme supported by the GLA and LDA known as London BIDs was established following on from the Single Regeneration Budget Circle Initiative, a pilot scheme that tested the BID concept prior to the existing legislation. The programme, which is run by Partnership Solutions, aims to support the development of new BIDs and guide the management and renewal of existing schemes. In addition to London BIDs, Partnership Solutions runs the national membership organisation known as British BIDs which supports BIDs and offers a variety of services to the industry including an accreditation scheme.

Table 1 - Central London BIDs summary information

<table>
<thead>
<tr>
<th>Name of BID</th>
<th>Local Authority Jurisdiction</th>
<th>Duration</th>
<th>Turnout (%)</th>
<th>In favour by number (%)</th>
<th>In favour by rateable value (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>First Term</td>
<td>Second Term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New West End Company</td>
<td>Westminster</td>
<td>2005-2008</td>
<td>2008-2013</td>
<td>43%</td>
<td>63%</td>
</tr>
<tr>
<td>Inmidtown</td>
<td>Camden</td>
<td>2005-2010</td>
<td>2010-2015</td>
<td>46%</td>
<td>86%</td>
</tr>
<tr>
<td>Victoria Partnership</td>
<td>Westminster</td>
<td>2010-2015</td>
<td></td>
<td>55%</td>
<td>67%</td>
</tr>
<tr>
<td>Better Bankside</td>
<td>Southwark</td>
<td>2005-2010</td>
<td>2010-2015</td>
<td>52%</td>
<td>82%</td>
</tr>
<tr>
<td>Team London Bridge</td>
<td>Southwark</td>
<td>2005-2010</td>
<td>2011-2016</td>
<td>53%</td>
<td>77%</td>
</tr>
<tr>
<td>Bayswater BID</td>
<td>Westminster</td>
<td>2010-2014</td>
<td></td>
<td>34%</td>
<td>59%</td>
</tr>
<tr>
<td>Paddington BID</td>
<td>Westminster</td>
<td>2005-2009</td>
<td>2009-2013</td>
<td>46%</td>
<td>83%</td>
</tr>
<tr>
<td>Camden Town Unlimited</td>
<td>Camden</td>
<td>2006-2011</td>
<td></td>
<td>50%</td>
<td>83%</td>
</tr>
<tr>
<td>Angel BID</td>
<td>Islington</td>
<td>2007-2012</td>
<td></td>
<td>53%</td>
<td>77%</td>
</tr>
<tr>
<td>Waterloo Quarter Business Alliance</td>
<td>Lambeth</td>
<td>2006-2011</td>
<td></td>
<td>50%</td>
<td>74%</td>
</tr>
<tr>
<td>Waterloo Quarter Business Alliance</td>
<td>Southwark</td>
<td>2008-2011</td>
<td></td>
<td>32%</td>
<td>84%</td>
</tr>
</tbody>
</table>

* London BIDs website, November 2010
## Table 2 - Central London BIDs key objectives

(Source: BID Websites, 2010)

<table>
<thead>
<tr>
<th>Name of BID</th>
<th>Objectives / Mission Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>New West End Company</td>
<td>Drive forward London’s West End as the world’s top shopping destination.</td>
</tr>
<tr>
<td>Inmidtown</td>
<td>Lower crime levels, reduce business costs, deliver carbon savings, promote Midtown as London’s commercial district of choice, enhance the retail offer and trading environment, enhance the quality and functionality of the public realm and transport infrastructure, manage, leverage and represent the business voice.</td>
</tr>
<tr>
<td>Victoria Partnership</td>
<td>Provide a co-ordinated and sustainable approach, delivering a comprehensive socio-economic agenda that will benefit businesses, visitors and residents situated in the target area.</td>
</tr>
<tr>
<td>Better Bankside</td>
<td>Improve the quality of the area and enhance the competitiveness of its businesses.</td>
</tr>
<tr>
<td>Heart of London Business Alliance</td>
<td>Realise a shared vision for a confident, vibrant and bustling world class Heart of London. A celebration of its rich mix of entertainment and culture creating an inspirational business and leisure environment.</td>
</tr>
<tr>
<td>Team London Bridge</td>
<td>Make London Bridge a world-class business district and visitor destination that is better managed, cared-for and connected.</td>
</tr>
<tr>
<td>Bayswater BID</td>
<td>Directly raise the quality of the Bayswater business trading environment. Improve security. Facilitate movement into and around the BID area, including better parking arrangements. Extend the promotion of the principal streets and their core businesses to a wider audience. Attract future inward investment</td>
</tr>
<tr>
<td>Paddington BID</td>
<td>Improve marketing: promote Paddington as a destination both nationally and internationally. Improve Safety: Paddington has seen a significant improvement in the safety of its streets as a result of the BID’s security objectives. A More Attractive Paddington: Paddington BID is involved in delivering several large-scale environmental projects.</td>
</tr>
<tr>
<td>Camden Town Unlimited</td>
<td>To improve Camden Town as a place to work, live and visit. Introduce innovative approaches to upgrade the commercial and environmental performance of Camden Town, putting business at centre stage to oversee the operations.</td>
</tr>
<tr>
<td>Angel BID</td>
<td>Programmes to make the area cleaner, safer and brighter include a dedicated Police and cleansing team as well as festivals, markets and environmental improvements.</td>
</tr>
<tr>
<td>Waterloo Quarter Business Alliance</td>
<td>Re-establish the lost 'town centre' feel in Waterloo. Create a safer and more pleasant trading environment for businesses. Promote the area to bring in more visitors, whilst maintaining the individuality and unique character of the area.</td>
</tr>
</tbody>
</table>

### Existing and emerging central London BIDs locations
Collectively BIDs should help to make London as a whole a better place to visit, live, work and invest in.

The power of BIDs as a promotional tool is one of the areas where they can make a significant contribution to London’s success as a global city. With tourism so important to the central London economy, BIDs can play a useful role in helping to boost visitor numbers through marketing campaigns while helping to create cleaner, safer, more accessible zones.

In the hierarchy of London’s governance framework BIDs sit at the micro level below the London Boroughs and the GLA.

Their alignment with the GLA’s overarching efforts to maintain London’s success as a world city is reflected in their prominence as an implementation tool within the London Plan. They are mentioned in various policy statements within the Plan as one of a range of tools to achieve its aims principally in the areas of local transport and public realm improvements, supporting town centres and promoting development:

Policy 3C.19 Local transport and public realm enhancements

‘TfL will and boroughs should make better use of London’s streets and secure transport, environmental and regeneration benefits through a comprehensive approach to tackling all the adverse transport impacts in an area – known as a ‘local area transport treatment’. Local area transport treatments may cover… Business Improvement Districts.’

Policy 3D.1 Supporting town centres

‘The Mayor will and boroughs should enhance access to goods and services and strengthen the wider role of town centres, including Development Plan Document policies to: … … support and encourage town centre management, partnerships and strategies including the introduction of Business Improvement Districts in appropriate locations and appropriate provisions to support the safety and security of town centres.’

BIDs also feature in the Mayor’s current draft Economic Development Strategy, in the chapter ‘Investing in London’s future’: The Mayor will work with partners to strengthen the economy across London including removing barriers to outer London fulfilling its potential, and to support the development of town centres in outer and inner London as hubs for their communities and local economies. ‘The Mayor will encourage the continued designation of Business Improvement Districts, which are effective vehicles for collaborative working, in town centres and elsewhere.’

Their form and function appears to fit the coalition government’s localism agenda well, with local businesses at liberty to decide whether or not they want a BID. With the exception of the City of London Corporation, local businesses have little influence over local authority elections in London. The BID model allows local businesses to have more of a stake in their local trading environment.
What have BIDs achieved so far?

Key areas of expenditure and typical BID projects:

- Marketing, Promotion and Events – developing a brand, promotional campaigns, Christmas lights, website development
- Cleaning – street cleaning, graffiti removal, repairing street furniture
- Safety and Security – street wardens, CCTV, signage and lighting improvements
- Transport and Accessibility – support for public transport improvements and pedestrianisation schemes
- Business Development – lobbying, networking events, planning and development liaison
- Investment – capital funds, small grants funds

Notable achievements in central London:

One of the most high profile examples where a BID has lent its support for public realm enhancements is the Oxford Circus Diagonal Crossing. The new crossing, which aims to ease pedestrian traffic at the intersection, was jointly funded by The Crown Estate, Westminster City Council and a TfL allocation, supported by the New West End Company BID.

The Heart of London BID together with Westminster City Council has worked towards the redesign of Leicester Square including improvements to paving, lighting, street furniture, toilets and signage. This project represents another example of BIDs working in tandem with a local authority to generate additional funds to deliver tangible improvements.

The Waterloo Quarter Business Alliance has claimed influence on policy and investment decisions in the area, for example attracting £300,000 of Section106 funding to be spent in the Leake Street and Lower Marsh area. Team London Bridge has helped to develop three ‘pocket plazas’ at a cost of £350,000. Inmidtown claims to have helped reduce crime levels in the area by 33%. Paddington BID claims to have seen a significant improvement in the safety of its streets as a result of the BID’s security objectives.

First piloted in the New West End Company area and now being extended across central London, the ‘Legible London’ pedestrian way finding system is an initiative to help guide tourists, shoppers, visitors and residents through the use of clearer and more attractive signage. This was financed by TfL funds reserved by the Mayor of London for use in the West End. Westminster City Council is continuing to discuss with BIDs for the roll out of Legible London, and both the Heart of London and Victoria BIDs have agreed to help fund expansion into their areas.

The Urban Oases programme is another example of a BID advocating and lobbying for support for improvements to the public realm. This scheme aims to create oases of calm in busy shopping areas with a focus on new paving, larger pavements, cafes and outdoor dining. Westminster City Council, with support from local landowners and the New West End Company, has now implemented the first of these schemes at Old Quebec Street at the Western end of Oxford Street.

Through marketing initiatives BIDs can help to raise awareness of key retail destinations to help improve footfall and dwell time. The Shop West End VIP days (traffic free days on Oxford Street and Regent Street) are examples of successful events where a BID has lent its support, particularly through marketing. Such ‘soft’ measures can help to change the perceptions of local areas. BIDs also help to bring together key stakeholders within local areas providing a bridge between the interests of local businesses and local authorities.

Renewal ballot results in London have all been positive

The satisfaction with BIDs so far among the business community is reflected in the 100% success rate of ballots for all London schemes to date. BIDs have a relatively short life span of up to five years, after which a renewal ballot must take place if they are to continue to operate. No renewal ballot in London has yet failed and approval rates have been high. Recent central London successful renewals include Team London Bridge (Nov 2010), Inmidtown (Feb 2010) and Better Bankside (Jan 2010). These are shown in Table 1.

BIDs were mentioned in the 2007 Lyons inquiry into local government funding

The 2007 Lyons Review notes the support BIDs have received from key business groups including the BCC, CBI and the BRC. It goes on to say: they (BIDs) ‘…have addressed business priorities and provided genuinely additional resources, alongside accountability to those paying the extra tax… They show that, with the right proposals and engagement, local authorities and businesses can develop effective relationships and mutually advantageous proposals for the improvement of places.’

Challenges for BIDs

The Lyons review also highlights three important limitations of BIDs: Firstly, that their purpose is specific and limited. Secondly, that their relatively high development and administration costs reduce their potential impact and effectiveness. Finally, that due to the nature of funding, their priorities can be skewed towards short-term issues, such as marketing, rather than longer term investments, such as infrastructure improvements, i.e. they tend to work for the benefit of occupiers more than owners.

A CLG survey of the development and implementation of BIDs in England published in 2007 concluded that it was too early to assess BID performance fully, but early signs were encouraging. However, the report also found little evidence in many cases that plans for performance monitoring were being translated into data on outputs and outcomes, rather than activities. 5

5 Lyons Inquiry into Local Government – Place-shaping: a shared ambition for the future of local government, March 2007
Accurately measuring the success of BIDs remains problematic as there are no standard benchmarks upon which to make comparisons.

At present, owners and local residents can make voluntary contributions and have seats on boards of BIDs if approached, but in some cases property owners may have little influence over the creation and operations of BIDs. Freeholders sometimes remain outside the BID funding system yet stand to benefit from any uplifts in rental and capital values that BIDs might help to achieve. This may make tenants view BIDs sceptically through fears that, if effective, they may lead to higher rents in future while their landlords stand to benefit without necessarily contributing. A potential solution could be to create a provision for a mandatory property owner levy to supplement the levy on occupiers.

With the introduction of the Crossrail levy (a supplementary business rate of 2% on rateable values over £55,000) there are concerns about the willingness of central London businesses to continue contributing to BIDs. The BID and Crossrail levies together could represent an additional 3% of the rateable value for many occupiers. Meanwhile business occupiers must deal with weak growth in the economy, cuts in public spending, an increase in the rate of VAT to 20% and possibly higher business rates post the 2010 rating revaluation.

In response to such concerns, the GLA recently announced additional support for BIDs, but stopped short of allowing exemptions from the Crossrail Levy: “The GLA recognises the impact that current economic challenges have on BIDs, particularly those due for renewal ballots in 2010-2011 and will consequently be offering them additional support.”

It is important to bear in mind that BIDs are focused at the micro level and have a relatively small sphere of influence and that many forces that impact upon their success, and that of London as a whole, are beyond their control. For example, the global and national economic climate, exchange rate fluctuations, taxation policy, demographic trends, retail trends and acts of terrorism.

Central London’s Business Improvement Districts

Local Authority Perspective on BIDs – the view from Westminster City Council

Councillor Brian Connell, Cabinet Member for Business, Enterprise and Skills

“Westminster City Council supports BIDs – that’s one reason why we have five BIDs in the city. We were involved at the start with the CIRCLE pilot BIDs programme managed by the Central London Partnership that informed the 2003 Local Government Act and the 2004 BID Regulations that sets the parameters within which BIDs work.

Our role, as set out in the legislation, is confined to four elements:

1. Providing information on the business rate payers in the prospective BID area and collecting the levy once the BID is established
2. Vetoing the BID proposals if they conflict with Council policy
3. Running the BID ballot
4. Setting out a baseline level of services (eg how often we empty the litter bins) so that the BID does not use its levy income to replace Council services but provides services over and above those provided by us.

We also have a regulatory role in that if a BID appears to be in financial difficulties, we have the power to take over the running of the BID and, in consultation with its businesses, ultimately to terminate the BID. Fortunately we have not yet had to consider using this power.

But our role in practice is much wider than that prescribed in the legislation. Businesses have welcomed the support of the Council in their BID proposals to help convince the wider business community that the proposals are well founded. We have embraced that need and report all BID proposals to our Cabinet with a recommendation not simply to agree not to veto the proposal but to enthusiastically endorse it. We have also financially supported the Victoria and Bayswater BIDs in helping them become established and along with key businesses in Edgware Road, are co-funding a feasibility study into a BID for this important but overlooked part of the city. We also have a place on many of the BIDs’ Boards that oversee their activities at the behest of the BID rather than as a regulator. And in some cases we are also levy payer, not least in the Victoria BID that incorporates City Hall.

We have taken this approach partly because BIDs enables us to have a dialogue with our 33,000 businesses. We know that they represent the views of their levy payers because of their democratic nature and so we have worked very constructively with them as outlined in some of the examples elsewhere in this paper. We also use BIDs to get a business angle in developing projects and policies, often using a BID to help pilot projects. Crucially, BIDs increase investment in the heart of the capital, benefitting not just the businesses themselves but workers, visitors, tourists and of course our residents.

Looking ahead, we welcome the scope for property owner BIDs and lobbied for their formal inclusion from the start. We would like to use the BIDs more for corporate social responsibility type activities, for example by engaging with their members to do more to take on unemployed Westminster residents. But the biggest challenge will be how we can work with the BIDs, and London businesses more widely to ensure that they gain from the 2012 Olympics and that BIDs themselves can demonstrate sustained added value for their own re-ballot cycles.”

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How could BIDs evolve?

Five years on from their arrival in London BIDs have become well established. Questions are now being asked as to how they can adapt to current and future challenges.

The reasons for the emergence of BIDs are that: they avoid some of the free-rider problems associated with TCMSs, they allow the energy of local business occupiers to be focused on a small area and they provide additional services to those of local authorities. They also allow businesses to collectively undertake projects they would not otherwise do alone. Looking ahead, in a climate of public sector spending cuts, BIDs may be viewed as a source of additional funding which can play an important role in attracting investment and promoting economic development in defined geographical areas.

A possible direction of evolution would be for individual BIDs to become larger in terms of their geographical coverage and scope. However, the success of BIDs is felt to be largely due to their ability to concentrate expenditure on small-scale improvement projects. Widening their role and geographical coverage could risk a loss of focus and produce conflicts among businesses. They may become too large to effectively manage and implement meaningful initiatives and a loss of support could result if BIDs become seen to have lost focus on delivery.

An increase in the number of BIDs, but with greater cross coordination, is an alternative and potentially more attractive approach. BIDs joining together could help to reduce their relatively high overhead costs. Closer collaboration would allow the sharing of services and expertise, for example on sustainability issues, and where several BIDs exist within a local authority, they could work together as a powerful lobby group. In addition, they could help to reduce local unemployment levels by seeking to employ local residents.

Additional income could potentially be raised via a change in funding structure, to include a levy on landowners as well as those smaller occupiers that are currently exempt. An amendment to the recently introduced Business Rates Supplement Act 2009 allows for property owners in areas where BRS and BID levies overlap to contribute formally to BIDs. Securing funds from landowners would also help to create a sense that BIDs are more representative of the interests of the wider community, although a new levy on ownership would require the development of a new system of taxation which may be difficult to set-up. The regulations governing this new arrangement are currently at the draft stage.

At present BIDs are principally a concern for local businesses but they could also look to engage with the wider community more, especially during the consultation process. By involving a wider audience they have the potential to become more inclusive and develop a sense of pride among residents and workers in their local area. The right balance would have to be struck as this approach could lead to differences in interest and internal conflicts.

Lessons from North America

The experience of BIDs in North America indicates that schemes in the UK could expand both in terms of geographical coverage and the scope of their activities. It should be noted, however, that BIDs in North America are funded by property owners, rather than occupiers as is the case in the UK.

There is great variation in the scale and scope of BIDs in North America and in some cases they are very powerful organisations. The Times Square Alliance BID in New York City, for example, had a total income in 2008 of over $18m (approximately four times the income of the largest BID in London).

By comparison, an often cited success on a relatively small budget is the Harlem BID, also in New York City, which is credited with helping to transform this once deprived area. The BID’s scope varies from those in London, with its current strategic plan focusing on a broader range of objectives, namely: organisational development, quality of life, streetscape, zoning, planning & development, and marketing.

In Canada, too, BIDs have also been credited with increasing property values, halting deterioration of city centres, reducing crime, increasing sales and profits, improving the tax base and decreasing retail vacancy rates. The success of a subsection of the DownTown Yonge BID, in central Toronto, has been attributed to the unified ownership profile of the area, meaning that coordination of the actions of a small group of landowners was relatively straight forward. This may not be the case in central London districts where ownership is often highly fragmented, with the exceptions of the great estates.

The DownTown Yonge BID, which has been in existence since 2000, has made the transition from operational to strategic decision-making. Its progress can be separated into three phases. The first focused on the theme of ‘safe and clean’. The second included the development of a strategic plan and a focus on marketing and branding. Phase three looked to add emphasis on advocacy, research and information. This involved developing data benchmarks upon which the performance of the BID can be measured, and to identify ongoing and new challenges.7

New BIDs are likely to emerge

The London Borough of Lambeth is assessing the feasibility of establishing a BID for the Vauxhall area and others are currently being considered, for example Edgware Road in Westminster. If London were to follow in the footsteps of Toronto, where BIDs originated, there could be many more. Toronto, a city less than half the size of London, has more than twice as many BIDs.

London BIDs, which is supported by the London Development Agency, provides a step-by-step toolkit for groups thinking about forming new BIDs. The starting point in establishing a case for further BIDs will be the identification of a gap or weakness in a local area. BIDs are suitable in any areas which have a clear need, where local businesses are willing to contribute and usually where there is disparate land ownership. This helps to explain why there are no BIDs in Canary Wharf, Marylebone or Covent Garden which are dominated by individual estates.

The BID must have the capacity and resources to undertake the required development activities. But this is a problem for areas which are dominated by small independent businesses. A possible solution could be for extra funding for BIDs in such areas, for example parts of Soho. As a BID’s income is related to the business rate mechanism, the development of a new BID in an area that crosses a local authority boundary, for example Fitzrovia, may be more challenging, as two separate BIDs would have to be set up.

BIDs have the potential to play an important part in London’s future economic and commercial development but their emergence will depend on the specific needs of the area affected

Depending on location, role and function, potential BID members and supporters need to be articulate and identify the priorities for investment in that area. The successful Victoria, New West End Company and Heart of London BIDs, for example, all have different dynamics in terms of the organisations that operate in their individual geographic areas.

As mentioned above, BIDs at Edgware Road and Vauxhall are in the process of being set-up or appear likely to emerge over the next few years. Other central London submarkets currently without BIDs that could potentially benefit include:

- Bethnal Green and Spitalfields/Shoreditch
- Whitechapel
- Cheapside
- South of Kings Cross
- Kingsway/Aldwych
- Strand/Charing Cross
- Parts of Soho and Fitzrovia
- Baker Street
- Knightsbridge

There are several BIDs in west central London but none in inner east London close to the City.
GVA Grimley’s conclusions and key recommendations

BIDs should aim to support more long-term strategic issues, for example infrastructure investment

So far BIDs have been modest in terms of their scope and ambition, largely due to funding constraints. BIDs are principally retail focused, but the long-term success of a business area is associated with a variety of other factors which are currently beyond their scope, including: investment in public transport and improving levels of accessibility. As a key driving force behind such infrastructure improvements in London, TfL has the potential to play a vital role in the future of BIDs.

BIDs should link together to make the whole greater than the sum of its parts

There is a trade-off between the ability of a BID to look after small scale local interests and its ability to raise sufficient funds to take on strategic challenges. A solution could be for individual BIDs to remain focused to achieve results on modest budgets but with more BIDs and improved coordination between all stakeholders to benefit London’s development as a whole. The submarkets of London should not be competing with each other but pulling together and a focus on collaboration to ensure that overall, the benefit to London is greater than the sum of its parts.

To raise funding, consideration should be given to how landowners and small businesses could contribute

In the challenging funding conditions that lie ahead, BIDs will need to be more flexible and have a stronger focus on value for money. One solution would be to get smaller companies that currently do not contribute to BIDs to do so, as they are likely to be exempt from paying the Crossrail Levy. Another would be for BIDs to raise funds compulsorily from property owners. This approach looks more feasible following the recent Business Rates Supplement Act 2009 which will allow for property owners in areas where BRS and BID levies overlap to contribute formally to BIDs. In future, Tax Increment Finance schemes could emerge as vehicles through which additional funds are raised from property owners for regeneration projects in BID areas.

BIDs should look to increase support from property owners, local authorities and local communities

Overall, for BIDs to progress they need to build support of not only local business occupiers, but also landowners, residents and local authorities. Care should be taken that additional bureaucracy, which may result, is not allowed to defeat the objective. But as more BIDs look to develop strategic plans and create their vision, the need to partner with other planning organisations, developers, government agencies and the community will become increasingly important.

The Oxford Circus crossing, for example, would not have happened without the collaboration of the Crown Estate, Westminster City Council, TfL and New West End Company together. Although BIDs often do not contribute significant funds to changes such as these, they do provide a platform to help facilitate, mediate and raise money to inject into the public realm.

A universally accepted means of monitoring performance is needed to accurately measure their success

Accurately measuring the success of BIDs is problematic as there is no universally accepted means of monitoring performance. The tools to do this are available and the membership organisation British BIDS runs an accreditation scheme. But greater use of such systems is needed to enable BIDs to become more objective in terms of benchmarking their performance, demonstrating their effectiveness and setting priorities for the future.

Performance assessments should be conducted at regular intervals by an impartial body with results made publicly available. The choice of performance indicators should be aligned with the strategic goals of the BID (e.g. commercial vs. retail). Possible indicators which could be benchmarked against the London or central London averages may include:

- Rental and capital value changes
- Property vacancy rates
- Trading results of business occupiers
- Footfall counts
- Hotel occupancy rates
- Ballot renewal results
- Market research e.g. stakeholder satisfaction surveys
- Crime statistics
- Recycling rates
- Environmental improvement measures, e.g. street cleaning and graffiti removal

BIDs acting together will help improve central London and so increase its performance on the global stage. They should aim to become a new focus for localism at the micro level in central London to supplement the role of Boroughs which cover large, often diverse areas and channel the ideas and motivation of local businesses and landowners into helping improve local areas.
"What does business need from the London Business Improvement Districts to remain internationally competitive?"

In July 2010, GVA Grimley, in association with the New West End Company, hosted a seminar on the future of London’s BIDs. The event was centred on a panel discussion and featured a keynote speech by the Mayor of London, Boris Johnson, who set out his overall strategy for London and the role of BIDs.

The key messages from the event were:

• The changing economic and political climate means that BIDs have a key role in addressing businesses needs, encouraging investment and fitting in with the localism agenda.

• In a period of public sector spending cuts, BIDs must ensure they are not drawn into replacing, rather than enhancing, the services of local authorities.

• For BIDs to remain successful it is vital that they receive the full support of local authorities and the GLA.

• BIDs can provide clarity and form a single voice on the issues that really matter for local businesses.

• Closer cooperation between BIDs, the London Boroughs and the GLA is needed to ensure the goals of each are aligned.

• There is an increasing role for BIDs in future but we must ensure those areas on the fringes of BID boundaries do not lose out.

• More clarity is needed on the forthcoming regulations to allow property owners to formally contribute to BID funding.

• Increased cooperation of BIDs should yield efficiency gains by avoiding the duplication of common roles.

• A dialogue should exist between BIDs and the residential community. The principal relationship should be with the local authority but BIDs should also open channels of communication between residents and business.

• BIDs should engage more with educational and institutional stakeholders. For example, universities, hospitals and student accommodation operators.

• BIDs have a bright future in London and there is the potential for more to emerge in the coming years.

• The GLA will continue to provide a forum for BIDs to facilitate closer collaboration in future.

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