

# The NE1 Model and Comparative Approaches to City Centre Management

Prepared for:  
Newcastle NE1 Limited

**April 2015**

**John Goddard, Stuart Dawley, Kevin  
Ward, David Bradley, Mike Coombes,  
Liam Keenan**

**RR2015/04**





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**FINAL REPORT**

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<http://www.ncl.ac.uk/curds/>

## Preface

CURDS were commissioned in November 2014 to provide a national and international comparative study of Business Improvement Districts. The overall aims of the research were to:

- Identify key factors behind the success of NE1 to-date
- Produce evidence relating to the comparative effectiveness of the BID model and of NE1
- Identify, with examples from overseas, the potential for BIDs to deliver effectively across a wider array of regeneration activities

Since its inception Canada in 1970, and its rapid proliferation in the USA soon after, the BID model has developed internationally into a mainstream element of contemporary urban governance. There are already over 200 BIDs in the UK. Against this backdrop of growth, the BID model has been rolled-out across the full spectrum of the urban hierarchy, ranging from initiatives in small market towns to globally renowned retail areas within London. More recently, the successful election of BID4Leeds in 2015 and the emerging proposals around a Sheffield BID indicates that the model is becoming an increasingly key node of urban governance across large, and in many cases northern, metropolitan areas across the UK (*inter alia* Birmingham, Bristol, Liverpool, Manchester, Newcastle, Nottingham).

The research has focussed on the largest BIDs and comparator BIDs both in the UK and overseas.

In an attempt to tease out lessons for NE1 and other pacesetting BIDs in the UK, the work examines different drivers to BID formation; different models; variations in governance; the range of project activity; sources of revenue.

This research combines a review of the academic literature and reports and studies commissioned by BIDs together with detailed key actor interviews and builds on CURDS evaluation of NE1's First Term of operation.

## Executive Summary

### *Introduction*

NE1 was launched as an independent limited company on 1 April 2009. Set within the broader evolution of BIDs within the UK, NE1 emerges as a critical case through which we can explore the opportunities and challenges facing pacesetter BIDs. NE1 now represents the largest BID outside of London in terms of income. In 2013 NE1 received an increased endorsement by its electorate (78%) for a second term, having become the 'go to example' for BID best practice in the industry (Author's Interviews: British BIDs 2014; BID4Leeds 2015).

The report details how NE1 has evolved through its first term of operation delivering an increasingly extensive range of activities and projects which include the acclaimed Alive After Five initiative and more recent involvement in capital projects such as the redevelopment of Newcastle's Central Station and more recently the Bigg Market area.

### *Aims of the research*

The purpose of this report is use comparative research, within and beyond the UK, to frame NE1's evolution and to open up the horizons to better position opportunities for its future development and specifically to:

- Identify key factors behind the success of NE1 to-date
- Produce evidence relating to the comparative effectiveness of the BID model and of NE1
- Identify, with examples from overseas, the potential for BIDs to deliver effectively across a wider array of regeneration activities

### *NE1 Success to date*

NE1 in its first term developed an ambitious strategy that aimed to improve the business environment in Newcastle city centre. Its objectives were to increase footfall and trade, to provide a cleaner, more visually attractive city centre, to reduce crime and anti-social behaviour, to strive for a more diverse retail and leisure offer, to guarantee better promotion and marketing for the city centre, to leverage investment and act as a leadership voice on operational and strategic issues.

NE1 is the largest of the BIDs in the 'Core Cities' of the UK<sup>1</sup> and as a result managed to implement a more comprehensive range of services than most other BIDs. A relatively light touch governance structure has enabled an entrepreneurial approach around individual projects. The team has been 'fleet of foot' and not constrained by top down strategies that can act sometimes be a barrier to action in the public sector. As is inevitable with entrepreneurial activity, a minority of projects ideas have either not got off the ground or failed to achieve the desired level of success. Generally however the projects implemented to date have been a runaway success. As a leadership voice for business on operational and strategic issues NE1 has achieved a number of successes in getting previously mooted projects off the ground including:

- New legible pedestrian signage

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<sup>1</sup> NE1 has the largest income of any of the Core city BIDs but Liverpool has slightly more business rate units (hereditaments)

- New pontoons along the Quayside creating a city centre marina
- New urban spaces, ‘pocket’ parks in which to relax and enjoy,
- Extension of shop opening hours

### *Lessons from North American BIDs*

Several of the larger BIDs have incrementally expanded recognising the economies of scale of creating a larger BID covering a larger part of the overall Downtown area. Major and comparator BIDs were nevertheless found to have remained focussed on identified local business and property owners. Other revenue streams are relatively small and marginal – and, indeed some make a feature of not using “tax dollars” to fund their activities. Where they do exist, these other revenue streams comprise of city, state or federal grants; corporate sponsorship; philanthropic donations; and payments for delivery of services, such as the management of parks.

There are examples of where major city centre US BIDs have sought to refine their governance arrangements to help with navigating governmental processes. The Chicago Loop Alliance (BID) in particular has been proactive in its attempts to “earn a seat at the table” in downtown development, design, and general decision making through for example Leadership forums.

### *Lessons from European BIDs*

BIDs in Europe are a relatively recent phenomena. In Hamburg a two tier structure of BID governance has developed with small property owner led BIDs being ‘coordinated’ by a citywide body. Key lessons from Europe, however, can be discerned regarding the character and role of property owner BIDs. This is clearly relevant to the UK with the current pilot property owner BIDs being established in London. In particular these lessons can relate to how smaller more focused property owner BIDs, with their inherent longer-term interests, can contribute to ‘place making’ activities.

### *Lessons from the UK*

As a large and successful BID within the UK context NE1 has provided a source of learning and inspiration for other cities.

However, as NE1 seeks to deepen and widen its portfolio, it will need to reconsider how it more **formally** connects its work to some of the **key public and private** sector stakeholders in the city centre without constraining the entrepreneurship of the BID executive team. By comparison the other UK BIDs embracing the whole city centre with a wide portfolio of activities (such as Liverpool, Leeds, Sheffield) have more formal and active governance processes in place.

### *The way forward: NE1 and pacesetting BIDs*

This concluding section of the report draws on the experience of what can be defined as ‘pacesetting’ BIDs to inform NE1 as to how it might develop its own business and enhance its wider impact on the city and region<sup>2</sup>. It is based on the assumption that NE1 will continue to operate within the current UK legislative environment for BIDs with possible minor changes such the possibility of establishing property owner BIDs. Within this framework there are a number of ways

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<sup>2</sup> The research for this report has been limited to the ‘premier league’ of high income BIDs all with an annual levy income of over £.5 million

ahead for NE1 and other pacesetting BIDs which can be summarised under three separate but not mutually exclusive headings:

- More intensive work along the lines already taken (**Deepening**)
- Extending activities into new areas (**Widening**)
- Developing the BID's local networking role and its contribution to debates in the national and international BID community (**Connectivity**)

There are clearly different models for pace setting UK BIDs but all involve close partnership with the local authority. In the context of the ongoing political and policy debate around devolved governance a case needs to be made for the role of BIDs as a voice for the private sector.

NE1 is the longest established BID in a northern city with a strong track record of success. This can provide a platform for it to connect to this debate and indeed play public a role in informing and shaping it, not least through comparative research.

NE1 has been a forerunner of the model of a BID covering the whole of the city centre. Other Northern cities are beginning to catch up and now is an appropriate time for NE1 to plug its work more formally into future policy debates about the role of BIDs in the future management and governance of the centres of major cities outside of London . This inevitably raises the question of the relationship of the BID to local government particularly in times of major changes such as the establishment of Combined Authorities and growing expectations being placed on other organisations, particularly universities, colleges and hospitals to develop their role as anchor institutions. NE1 and other pacesetting BIDs can become key players in their cities.

Tackling the complex, inter-connected and often entrenched challenges that cities face, and at the same time stimulating and embracing changes and opportunities, requires multiple, complementary and integrated policy interventions. There is a growing awareness amongst policy makers of a need for more holistic, co-ordinated and longer-term programmes of city adaptation and development that span fields such as economic development, the recycling of land, employment and skills, governance, neighbourhood renewal and community involvement. Institutional innovation and leadership are recurrent themes. Since the 'great recession' there has been a remarkable level of public sector upheaval and shrinkage. BIDs have emerged within this vacuum as valuable players within UK cities, providing a potentially powerful and creative forum for ideas, research, action and civic engagement. In order to realise this potential BIDs will need to be proactive in their attempts to "earn a seat at the table" in city centre development, design, and general decision making.

Already a source of inspiration to other BIDs, NE1 could become a thought and practice leader in this domain, animating the relationship between key institutions in the region that are all based in the city centre. The commissioning and dissemination of this report may be a step in this direction.

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# 1 Introduction

## 1.1 The BID movement

Since its inception Canada in 1970, and its rapid proliferation in the USA soon after, the BID model has developed internationally into a mainstream element of contemporary urban governance, spreading to over 10 countries worldwide. Notwithstanding important varieties in national governance structures and territorial contexts, at least five core elements of the BID model have, to date, remained central (Ward and Cook 2014 p.12):

- BIDs govern particular spaces. Although sizes vary, their geographical administrative boundaries are clearly defined.
- They are funded primarily through a levy on businesses in their district
- Whilst traditional notions of levies being 'ring-fenced' to be spent on issues within the BIDs geographical boundaries remain common across a wide array of cases (e.g. USA – see Annex), these are being increasingly challenged by BID activities that aim to reach out and mutually benefit the wider city and region.
- The spending decisions are made by the BID board, which is drawn from members of the business community, alongside a smaller number of public officials. In effect, “involving businesses as never before in the day-to-day operation of cities” (Macdonald 2000: 401 in Ward and Cook 2014) and allowing more flexibility than is possible for local authorities.
- BIDs have, traditionally, focused on managing public spaces rather property-led redevelopment.

In the UK, following initial policy interest stretching back to the mid-1990s (Travers and Weimer 1996), legislation was eventually passed in the Local Government Act 2003 to establish 22 Pilot BIDs. Kingston became the first BID established in 2004, paving the way for the model's rapid rise and roll-out to over 200 BIDs by 2015. By 2014, the British BIDs Annual Survey (80% response rate) detailed that BIDs in the UK had grown to represent:

- 74,744 hereditaments including 1,923 Businesses acting as Board Members
- Generated over £65,500,000 of investment per annum through their business levy rates.
- Using estimates of additional income streams (e.g. grants; service income) and potential impacts of BID activities (e.g. projected uplifted retail spends), the Annual Survey also projects a further £130,300,000 additional annual income derived for the BID areas.

Against this backdrop of growth, the BID model has been rolled- out across the full spectrum of the urban hierarchy, ranging from initiatives in small market towns to globally renowned retail areas within London. More recently, the successful election of BID4Leeds in 2015 and the emerging proposals around a Sheffield BID indicates that the model is becoming an increasingly key node of urban governance across large, and in many cases northern, metropolitan areas across the UK (*inter alia* Birmingham, Bristol, Liverpool, Manchester, Newcastle, Nottingham).

In addition to the rapid growth rates of BIDs, the model is developing an enduring appeal to its constituents. Overall, 84% of BID ballots have been successful since 2004, with many BIDS enjoying higher rates of approvals in subsequent re-elections<sup>3</sup>. BIDs therefore appear to becoming an established and durable mode of urban governance. However, behind the rapid rise of BIDs in the UK there is an increasing variation in BID forms, types, scales and performance. A key policy challenge for the still ‘fledging BID industry’ in the UK (Julie Grail, British BIDs Presentation, 2015) is to better understand the geography, nature and diversity of the evolving paths taken by BIDS and the opportunities and challenges these raise for effective support.

## 1.2 Evolution of UK BIDs

At one level, the BID model has held constant, to a large degree, in terms of organisational form and operation. At another level, BIDs by their very nature are formed and shaped by the historical and geographical characteristics of the places and members they represent. In this sense, the character of any particular BID reflects a combination of:

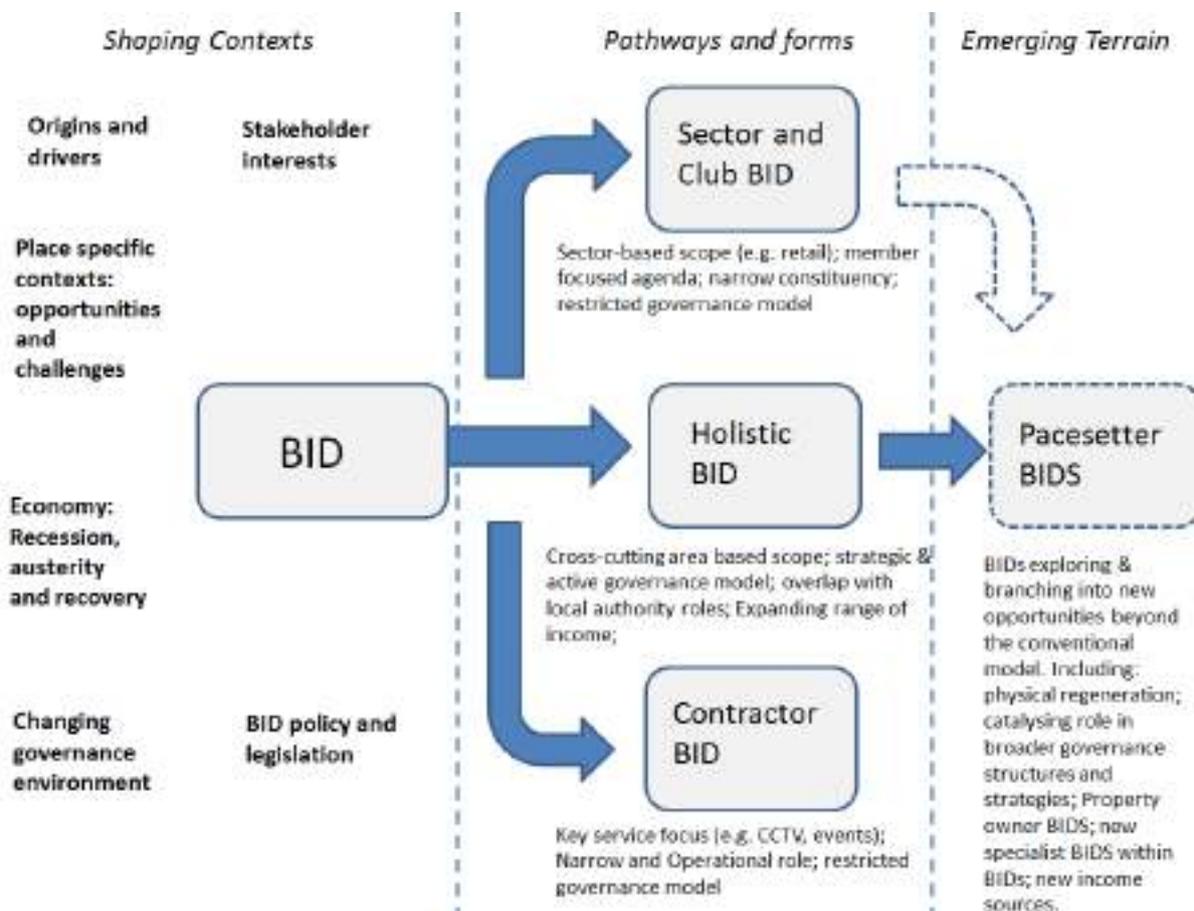
- Transferable foundations and structures of the BID model (for example, the 5 core elements above)
- Place-specific opportunities and constraints (e.g. character of local business community; ability to build upon local assets, such as key sectors, infrastructures and projects)
- Multi-level governance environments: ranging from national legislation relating to BIDs to the inter-relations between BIDs and local governance structures (especially local authorities) in any given locality.

Figure 1 provides a heuristic framework to capture the diverging evolutionary paths of BIDS, revealing their varying scales, scopes and speeds of a development. We can unpack this analysis into 3 inter-related areas: the context shaping the initial BID; the subsequent development pathway and form this takes; and the emerging terrain within which the BID might operate in the future.

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<sup>3</sup> That being said, it is also important to recognise that 31 BIDs failed at first ballot, of which only 5 succeeded in a second attempt (British BIDs 2014).

Figure 1: Evolving pathways of BIDs (adapted from De Magalhaes 2012)



### Shaping contexts

In the case of the UK, the majority of BIDs have evolved out of similar **origins**, namely previous town centre management programmes, or business-focused regeneration or local economic development partnerships. In many cases the BID legislation made possible the replacement of existing models of cooperation between local authorities and business within an area that suffered from lack of earmarked funding and the inability of public/private to deliver clear outcomes (Julie Grail, British BIDs, Author's Interview 2014). The BIDs made it possible to bring new resources (e.g. levy) and a new degree of business-led activity and accountability to often long-standing agendas within localities.

However, despite these relatively similar origins the **drivers and objectives** of particular BIDs have varied significantly (see Table 1). These subsequently serve to shape the scale and scope and of their respective paths and demonstrate the diversity of organisations and strategies that sit beneath the broad BID umbrella.

**Table 1: Sample of BIDs' key objectives and projects (source: De Magalhaes 2014 p.10)**

<b>BID</b>	<b>Origins</b>	<b>Key Objectives</b>	<b>Key Projects</b>
London Bridge	SRB urban regeneration project involving 2 local authorities	Improve the image of the office district and reduce the impact of large developments	Marketing events, environment and community projects
Birmingham Retail	Evolution of council's city centre management team and city centre partnership	Manage the retail environment in city centre	Marketing events
Kingston	Evolution of successful town centre management company	Secure the vitality of town centre	Marketing events
Blackpool	Evolution of council-backed town centre forum, to capitalise on urban regeneration investment	Prevent the decline of the town centre and increasing safety	Marketing events and wardens
London Riverside	Evolved from business-led economic development partnership, supported by the council and regional development agency	Crime prevention	CCTV system
Bury St Edmonds	Council's strategy to formalise town centre management partnership	Town centre management	Street rangers and Christmas lights

In many the ways drivers and objectives reflect the nature of **place-specific opportunities and constraints** within which BIDs operate. Many BIDs with a retail focus (e.g. Liverpool, New West End) did so in response to out-of-town competition and alternate retail models. At the same time, retail focused BIDs have often been shaped by the geographical form and boundaries of existing business activity and focus on regenerating and valorising quite small and specialised areas (e.g. Heart of Manchester). In other cases, other local sectoral strengths shape the nature of the BID. Industrial BIDs have been a less successful BID type, but tend to focus on activities around particular industrial estates or zones. In contrast several BIDS focus on supporting Professional and Business Services firms, either as a sector-specific BID (e.g. Midtown, London) or because of the strength of the Professional and Business services within a broader area-based BID (e.g. BID4LEEDS). In BIDS covering a large area, for example NE1, activities have sought to support a wider array of sectors, local assets and activities, connecting across retail, culture and championed infrastructure projects relevant to all stakeholders in the area (e.g. Newcastle's Central Station).

As a result a key dimension shaping a BID has been the nature of **stakeholder involvement**. In some cases BIDs have been formed around very tight sectoral agendas and memberships (e.g. the former Nottingham Leisure with licensed premises only), whilst others such as NE1 and BID4Leeds have a more holistic area based approach and bring together levy payers from a range of sectors.

Consequently, the evolution of holistic BIDS reflect the need to meet a much more multi-faceted set of member needs and agendas.

The evolutions of all BIDS are necessarily shaped by the dynamic nature of wider **economic contexts** locally and globally. At the broadest level, research undertaken in the wake of the recent recession and the ensuing period of austerity has demonstrated the resilience and adaptability of BIDS. Put another way they have been subjected to significant 'stress-testing'. On the one hand, in the face of public expenditure cuts BIDS appear to have successfully retained – through service levels agreements - their focus on additionality rather than absorbing services that the public sector has no longer been able to provide. On the other hand, whilst businesses appear to have been willing to sustain their BID levy rates through the recession, a number of BIDS have generated new sources of income by selling services to non-members BID areas (e.g. Nottingham Leisure; London Bridge )or capturing regeneration project funding (e.g. Blackpool). Furthermore, some BIDS have proactively sought new forms of income through public sector service delivery (e.g. Kingston). At the local level, BIDS are operating as local economic development organisations across a wide variety of economic contexts, ranging from supporting retail in seaside towns to activities developed around, for example, the cultural sector in a global city (Heart of London). Significantly in the context of devolution to metropolitan areas outside of London, BIDS are also developing a key urban and economic development role amongst the large northern core cities, most recently with Leeds and Sheffield looking to follow the lead of such as Newcastle and Liverpool in developing successful BIDS.

Finally, the evolution of BIDS is critically shaped by the nature of **national and local governance structures and regulatory environments**. At the **national level**, following the Local Government Act in 2003, limited changes have been made to the regulatory contexts of BIDS. Overseen by the Land and Development Section of DCLG, a series of consultations and reviews of BIDS have been undertaken (Sandford 2014)<sup>4</sup>. Whilst direct support has been limited, BIDS have been seen as emblematic of the Localism Agenda of the Coalition Government. Indeed, having been commissioned to provide an Independent Review on the Future of High Streets in the UK, Mary Portas identified BIDS as a new model of territorial governance that was beginning to make 'inroads' into the public sector driven model of local economic development by introducing a business-led and innovative financing model. Moreover, Portas suggested BIDS should be given enhanced powers to buy assets and run services under the new Localism act, and in effect create 'new Super-BIDS' to take a more strategic approach to urban development. In response DCLG provided only £500,000 of new support for the formation of new BIDS via a Loan Fund administered by British BIDS. More recently, working alongside the influential British Bids industry body, the 2014 Government Review of BIDS has opened the possibility for further regulatory reform around a number of key principles:

- BIDS to have the Right to Challenge to run local authority services
- Further integration of BIDS into local authority planning processes
- Mandating standard service level agreements with local authorities
- Updating Compulsory Purchase Order guidance to ensure local authorities properly consider requests from BIDS

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<sup>4</sup> York Consulting (2007) The development and implementation of Business Improvement Districts. DCLG, Jan 2007; DCLG (2007) The Development and Implementation of Business Improvement Districts, DCLG; DCLG (2014) Government Review of Business Improvement Districts.

These revisions build upon further DCLG work in 2013 and 2014 exploring the potential role of Property Owner BIDs in the UK (as is currently the norm in the USA and Germany for example). As a result, two pilot Property Owner BIDs have been developed in London (Heart of London; West End). At this stage, however, legislation only allows for Property Owner BIDs to develop in London reflecting its status as offering the unique combination of Business Rate Supplements provision and existing occupier BIDs (British BIDS 2014a).

Concurrently, the formation and evolution of BIDs are shaped by their **local contexts of area governance** arrangements. As part of the restructuring of economic governance within the English regions, the abolition of the Regional Development Agencies has created a degree of institutional churn within which BIDs have had to position themselves. For example, indirectly, many RDA's sectoral policies, including tourism and place marketing, focused attention and support on city centres and urban economies (e.g. Business Services; Creative Industries; infrastructure provision etc). Whilst some of these functions and roles have been taken on by new specialist institutions (e.g. place marketing and inward investment bodies) and by the broader LEP arrangements, a number of BIDS - especially holistic BIDs – are increasingly evolving around these agendas.

Even so, the critical relationship remains that between the local authority and the BID. In almost all cases the BIDs themselves have been formed through initiatives led, endorsed and contributed to by funds from the local authority. As a result, local authorities are mandatory board members, collect and administer BID levies and hold service level agreements with BIDs in their area. In cases such as Manchester, the Heart of Manchester BID, operates within the broader CityCo public-private partnership led by the City Council and established before the BID to deliver a long-standing city centre strategy. In cases such as Leeds, whilst the formation of the BID was driven by the Chamber of Commerce, it was necessarily developed in coordination with the city council and the restructuring of public-private institutional structures (e.g. Leeds and Partners). The inter-relationships between BIDs and local authorities are likely to become increasingly critical as the BID model becomes an established mode of urban governance and begins to potentially expand and diversify into spheres of activity that run alongside those traditionally delivered by local authorities (e.g. regeneration; place marketing etc).

### Pathways and forms

Mediated by the contexts described above a number of necessarily stylised BID pathways can be discerned (adapted from De Magalhaes 2012).

- **Contractor BIDs:** BID created for the delivery of specific and essential services for business, for example CCTV, security, event organising etc. The governance and operation of the BIDs are focused on the delivery a few essential outputs.
- **Sector and Club BIDs:** A form of BID that effectively becomes a club of local businesses, often in a particular sector of activity (e.g. retail; leisure; business services). A strong business association ethos, around sector needs and promotion, albeit with some broader interest in promoting the public realm. Governance within the BID is relatively focused (i.e. same sector) but tensions may arise within non-BID businesses and interests in the same geographical area.
- **Holistic BID:** BIDs which are primarily focused on the development and promotion of a geographical area rather than particular sectors. This can point to the, development of an

expanded urban governance function, including: public service delivery; urban regeneration and economic development projects; expanding role of income through wider service provision (including selling services to non-BID areas). Akin to Portas' (2011) 'Super BID' model, the scale and scope of the BID will inevitably need coordinating with existing remits of local authorities.

The pathways of BIDs are neither mutually exclusive nor static, and several BIDs have consolidated, merged and branched into new areas (for example across Bristol and Nottingham). Fundamentally, however, it is clear there is no 'one-size-fits-all' in the BID movement and therefore any policy support structures need to recognise the differing scales, scope and needs of BIDs.

Such recognition is timely given that:

"As the industry develops and evolves we are seeing BIDs move into place shaping not just place management and marketing and this is likely to become even more prevalent with the advent of Property Owner BIDs together with the continued cuts to the public purse" (British BIDS 2014b p. 4).

As a result, it is possible to identify an emerging '**pacesetting**' category of BID beginning to look beyond the boundaries of the existing structures and processes within which BIDs have conventionally operated. Pacesetting BIDs raise a number of important challenges to be addressed by the individual BID, the broader BID movement, and the national and local governance settings within which they operate.

- **Functional Challenges:** Holistic pacesetting BIDs with broad portfolios of interests may increasingly look to develop place shaping roles in the fields of capital projects and regeneration. Such roles may overlap with local authorities and also bring with them specific challenges in terms of expertise and funding. However, the BID may establish key roles in supporting the development and delivery of broader city centre strategies. Given the multi-sector nature of area based BIDs, challenges also arise in terms of the selectivity and prioritisation of projects. Finally, there is the challenge of potentially moving from an opportunistic project based approach to a more strategic programme approach.
- **Geographical remit:** the boundaries of the BID will have to be devised with care to capture the core interests and assets of its constituents and to exclude potential tensions and additional challenges. However, BIDs may consider expanding their geographical reach to increase levels of income (albeit not necessarily per capita) or incorporate new assets and opportunities for development (e.g. specific sites; infrastructures; sectors etc).
- **Financing:** Aside from the option of increasing the levy rate, pacesetting BIDs are faced with the challenge of funding new and broader arrays of activities. Examples exist of BIDs selling services to non-members (e.g. London Bridge, Nottingham Leisure), but such levels are unlikely to achieve a step-change in income. Whilst local authority support continues to play an important revenue stream, either by support for specific projects or in-kind contributions (e.g. offices etc), these are unlikely to increase in the current climate. A number of BIDs have looked to resource key projects through public sector grants and assistance, especially

within consortia for capital investment. These approaches are necessarily competitive and also may useful be coordinated or potential overlap with the activities of other institutions with regeneration roles. BIDs may increasingly look to the opportunities available in the current context of fiscal decentralisation and innovation (e.g. Community Infrastructure Levy; Business Rate legislation). Again, however, these may overlap with the activities of local authorities. Finally, whilst direct funding support from DCLG is limited to the BID loan-fund (start-up), the BID industry may look to lobby government for additional funds to support pacesetting BIDs to help catalyse projects which may allow BIDs to break new ground.

- **Governance:** Two forms of challenge face pacesetting BIDs. First, there is the internal governance of an increasingly extensive and multifaceted BID. The broader the reach of activities the more sensitive particular interest groups may become to their inclusion and output from the process. With additional scale and complexity come additional rigours for accountability and transparency (DCLG 2014). Second, relates to the role of the BID within the local and regional governance structures. Positioning the wider portfolio of the pacesetting BID activities in relation to local authorities, LEPs and other public-private organisations will require positive and clear lines of communication and governance (British BIDs 2014a).

### 1.3 NE1 as a pacesetting BID

Set within the broader evolution of BIDs within the UK, NE1 emerges as a critical case through which we can explore the opportunities and challenges facing pacesetting BIDs. NE1 was formed in 2009 and has developed into the largest BID outside of London in terms of income. In 2013 NE1 received an increased endorsement by its electorate (78%) for a second term, having become the 'go to example' for BID best practice in the industry (Author's Interviews: British BIDs 2014; BID4Leeds 2015). As will be detailed below, NE1 has evolved through an increasingly extensive range of activities and projects ranging from the highly acclaimed Alive After Five initiative to its more recent involvement in capital projects such as the Central Station and the Bigg Market project.

The purpose of this report is use comparative research, within and beyond the UK, to frame NE1's evolution and to open up the horizons to better position opportunities for its future development.

## 2 NE1: Evolution, performance and growth

### 2.1 NE1 context

Many BIDs are confined to a relatively small, tightly defined area, in some cases just a single street and often dominated by a single land use type (typically retail). NE1 is unusual in that it covers the whole of Newcastle's central area and as a result includes a host of different uses and activities. NE1 is currently one of 6 BIDs with levy income in excess £1m and until currently proposed BIDs such as Leeds emerge it is the largest regional capital BID in UK.

This significant annual income stream has afforded economies of scale and scope to implement a wide range of projects and deliver them effectively and to experiment

A rationale for restricting the spatial extent of the BID area has been to define areas that have shared needs. Despite the diverse range of clients within the NE1 area the strategy that has been developed has much in common with more tightly defined BIDs that have a strong retail and leisure focus.

What has emerged is that many of the needs and aspirations of retail and leisure activities are shared with other sectors.

NE1's success over its first term is arguably most strongly demonstrated by the increase in the 'yes' vote from business ratepayers from 60% to 78%.

Figure 2 The NE1 BID Area



## 2.2 Model, governance, project activity, sources of revenue

NE1 was launched as an independent limited company on 1 April 2009. It was created following a successful statutory vote by Newcastle's business community to pay an additional 1% in Business Rates to fund the work of NE1 and was established for an initial five year term.

The company is run by an Executive Team comprising eight members and its work is overseen by a Board of Directors representing key sectors of the Newcastle business community. The primary goal of the Board is to ensure that the company's strategy creates long-term value for business. The Board meets on a quarterly basis.

The Directors all have significant experience in their own professional fields and in relation to the issues facing Newcastle.

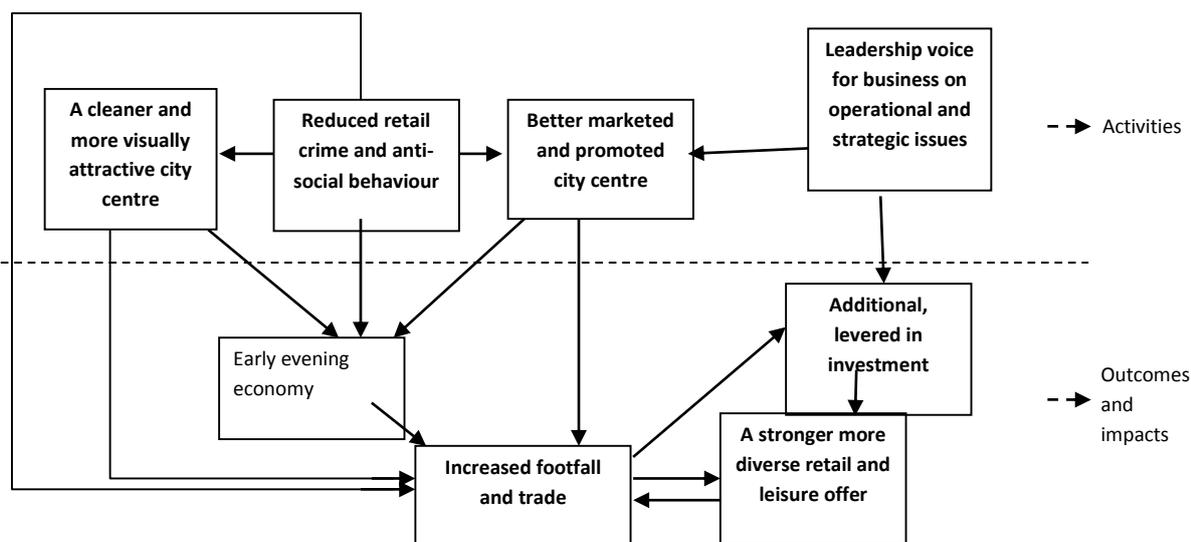
NE1 has developed an ambitious strategy that aims to improve the business environment in Newcastle city centre. NE1 seeks to achieve this by keeping business interests at the top of the city's political agenda, acting as a leadership voice on operational and strategic issues. Its objectives have been to increase footfall and trade, to provide a cleaner, more visually attractive city centre, to reduce crime and anti-social behaviour, to strive for a more diverse retail and leisure offer, to guarantee better promotion and marketing for the city centre, and to leverage investment.

The original programme objectives recognised the inter-connected nature of interventions required to ensure the continued adaptation and prosperity of the City centre (Figure 3).

The overriding aim of NE1 has been to **improve the business environment in Newcastle City centre**. Seven strategic aims to drive the **First Term Strategy (2009-2014)** were to :

- A leadership voice for business on operational and strategic issues
- Increased footfall and trade
- Additional levered in investment
- A cleaner more visually attractive city centre
- Reduced retail crime and anti-social behaviour
- A stronger more diverse retail and leisure offer
- A better marketed and promoted city centre

Figure 3 Interplay between objectives (Source: CURDS)



As the implementation process has moved forward, the specific interventions of NE1 have evolved and been refined in an attempt to maximise effectiveness within the constraints involved in delivering services in a changing urban environment.

## 2.3 First Term Achievements and progress

Newcastle City centre like other cities and towns across the UK has experienced a challenging period with weak levels of demand for services, continued economic uncertainty and strong competition. Despite this difficult context NE1 progressed well towards achieving its original aims and objectives.

NE1 is the largest of the BIDs in the 'Core Cities' of the UK<sup>5</sup> and as a result has managed to implement a more comprehensive range of services than most other BIDs.

As leadership voice for business on operational and strategic issues NE1 has achieved a number of successes in getting previously mooted projects off the ground including:

- New legible pedestrian signage
- New pontoons along the Quayside creating a city centre marina
- New urban spaces, 'pocket' parks in which to relax and enjoy,
- Extension of shop opening hours

The clear majority of business ratepayers in the NE1 BID area continue to be satisfied with the progress made by NE1. The proportion very satisfied rose through the first term. Two out of three business ratepayers felt they were better informed about changes in the city centre since the introduction of NE1 (and only 1% felt less informed) (CURDS 2013).

<sup>5</sup> NE1 has the largest income of any of the Core city BIDs but Liverpool has slightly more business rate units (hereditaments)

The past four years have been an exceptionally difficult period over which to lever additional investment. Despite this difficult context NE1 has levered in an estimated £22 million of direct funding in the form of matched funding for projects. The most significant of these new projects has been the Central Station refurbishment, which is now underway.

A recent survey of all British BIDs indicated that in 2012 NE1 levered-in more additional investment than any other BID.

Both businesses and users consider Newcastle City centre to be cleaner and more visually attractive. There has been a year-on-year increase in the share of city centre users who said that the streets looked cleaner than they did a year ago. Users were also asked about other centres they knew and they have consistently rated Newcastle above average for street cleanliness. At the same time there has been a decline in the proportion of NE1 businesses who consider the streets look cleaner than a year ago. Businesses can be expected to have a stronger awareness of when improvements occurred because of their closer involvement with NE1 and at the same time higher expectations leading them to 'discount' progress made which appears evident to city centre users.

Crime rates have steadily fallen in Newcastle. Most major cities have seen a decline, but the continued decline in Newcastle is impressive because it had a much lower crime rate to start with. There has been an increase in concern about shoplifting for retailers in Newcastle, perhaps linked to the trend for shoplifting to increase during periods of economic hardship. There has also been a strong rise in the proportion of Newcastle city centre users who feel safer than a year ago, and this is true both during the day and at night.

The proportion of Newcastle city centre users stating that its retail and leisure offer is good or excellent relative to other major centres has risen since 2010. In all three years when users were surveyed, 80-90% rated the 'overall experience' of their time spent in Newcastle city centre as good or excellent.

NE1 programmes have been directly involved in several of the aspects of the city centre experience with an increasing proportion of activities rated good or excellent:

- cost of eating out
- shop opening hours
- street signage
- quality of street entertainment
- cost of parking
- toilets

The proportion of NE1 business ratepayers rating of the city's leisure offer – compared to other major centres – is both high and increasing. Some 84% of city centre users felt that overall Newcastle is a more attractive place to visit than two years ago.

Businesses asked about the level of city centre promotion have in all three years been much more likely to say that it had improved than got worse over the last year. The greatest increase in recognised improvement was in the first year of NE1 but in both subsequent surveys further improvement was acknowledged, with extremely few businesses suggesting there had been diminished city centre promotion.

**Alive After Five** was launched in October 2010 to close the gap between the daytime and evening economies of the city. NE1 has worked collaboratively to achieve a permanent change to retail opening hours, coupled with free parking. NE1 has also encouraged and promoted restaurant offers, invested in street entertainment and marketed evening opening of stores. Of all the NE1 supported projects, increased opening hours by retail businesses was the initiative that respondents to both our business and user surveys were most likely to be aware of. As would probably be expected, retail businesses were most likely to attribute a positive change in their business performance to the initiative, followed by leisure businesses (including café, bars, restaurants, hotels). Smaller businesses were less likely to report a benefit from Alive After Five, as were those located outside Eldon Square. More than two fifths of the respondents to the city centre users survey in 2013 (CURDS 2013), who felt their weekly spend had changed, attributed this, at least in part, to the later evening opening of shops. For both businesses and city centre users the **Alive After Five free parking** offer was among the aspects most often referred to favourably.

Rangers and Clean Team have contributed to a safer, cleaner city. Pedestrian signage, Scratch bikes rental scheme, Christmas lights and Pocket parks has all added to the overall attractiveness of the city centre. Entertainers and events have contributed to the atmosphere - the thing most liked by city centre users.

City centre Events such as Fashion Week and Restaurant Week have provided a valuable boost for participating fashion retailers and restaurants. NE1's Get into Newcastle website and the NE1 Magazine have helped to promote what's on and to promote business offers and deliver increased trade for participating businesses.

The Newcastle City Marina, Seaside Quayside and Zapcat racing have had a positive impact on businesses located on the Quayside, notably bars, restaurants and hotels.

Success in securing designs and the funding for the refurbishment of Central Station and surrounding area will not only bring benefits to businesses in the surrounding part of the city but now provides an impressive gateway to the city.

## 2.4 Changing local institutional context

Following its successful ballot in 2013 NE1's mandate has been extended to at least 2019. Given the recent restructuring and churn of economic development agencies affecting Newcastle City Centre, NE1's relative permanence is helping to frame its position within the structures of local governance.

On the one hand, NE1 holds a distinctive position in being a business-led body. On the other hand, it is acting in an environment which has seen significant reductions to the resources Newcastle City Council can devote to economic development related investments. Relatedly, whilst the Newcastle Gateshead Initiative (NGI) expanded to fill some of the void left by the demise of ONE North East and TWEDCO, its role has also been hit by spending cuts.

It is therefore useful to position NE1 within the changing terrain of governance around the city centre's economic development (Table 2).

**Table 2: Examples of recent local and regional institutional change impacting the Newcastle City**

<b>Closure of key organisations</b>	<b>Development of new organisations</b>
<ul style="list-style-type: none"> <li>• ONE North East</li> <li>• 1NG</li> <li>• TWEDCO</li> <li>• Tyne Wear Partnership</li> <li>• Tyne and Wear City Region</li> <li>• TWRI</li> <li>• Bridging Newcastle Gateshead Partnership</li> <li>• Science City</li> <li>• North East Assembly</li> <li>• NE LSC</li> </ul>	<ul style="list-style-type: none"> <li>• NE LEP</li> <li>• North East Combined Authority</li> <li>• Invest North East</li> </ul>

## 3 Learning from elsewhere I: International Perspectives

Drawing on comparative research, within and beyond the UK, this report aims to position NE1's evolution and open up the horizons for its future development. We begin with an examination of two sets of international perspectives. First, we look to nearly 40 years of BID development in Canada (3.1) and USA (3.2), the heartland of the BID movement. Second, we focus on the more recent development of BID models in continental Europe, specifically Germany (3.3) and the Netherlands (3.4). By looking across these different territorial contexts of national 'pioneers' and more recent 'latecomers', we can begin to better understand the diversity and scope of BID related activity. However, an international comparative analysis must also recognise the often critical varieties in national governance structures shaping the evolution, character and capacities of BIDs (for example, Federal Systems; Legislative Frameworks). In fact, considerable academic work has focused on the BID model as an example of international policy transfer, which plays out differently in particular national and local governance contexts and systems (Ward 2006; 2011; McCann 2011).

### 3.1 Canada

#### 3.1.1 Introduction

In 1970 the city of Toronto became home to the world's first Business Improvement Area (BIA). Located to the north of the downtown, the response of a small number of business owners to retail suburbanization was to lobby the Toronto and Ontario governments for a change in the Municipal Act. The ability of an elected body to compel all business owners with a defined area to pay a levy for improvements created the conditions for the establishment of the Bloor West Village BIA. Fast forward fifty five years and there are now 77 BIAs in the city and over 280 across Ontario. While there are no exact numbers on BIAs in Canada, there are another 58 in British Columbia, so the overall figure is likely to be somewhere around 500.

There is no Canada-wide federal legislation for BIAs. Rather, BIA legislation differs from one province to another although there are some similarities in, for example, the need to follow a clearly set out process for BIA formation. While there are also some similarities in terms of who pays the levy, there are differences in terms of exception rules. It is the levy that pays for many of the activities undertaken by Canadian BIAs. The levy is calculated as a proportion of assessed or rateable value. In the British Columbia region, for example, each property owner's share of the annual BIA budget is proportionate to his or her property's share of the total taxable commercial value of all the properties within the BIA's boundaries. So, if an owner owns 1% of the total taxable assessed property value, the share will be 1% of the budget. This province's experience is that many landlords pass all or part of this cost to their business tenant(s) pursuant to lease agreements, which is perhaps not surprising. In most cities the levy is collected by a branch of city government and then given over to the Board and the staff of the BID to deliver an agreed programme of activities.

**Table 3: Canadian Business Improvement Areas: A Sample**

	<b>Name</b>	<b>Size</b>	<b>Levy Budget</b>	<b>Main Programs</b>	<b>Economic Development/Physical Regeneration</b>
<b>Calgary (1.1 million)</b>	Downtown Calgary (operates under the legal entity of the Calgary Downtown Association (CDA))	120 blocks, 3100 businesses	1.5.m	Economic & Urban Development	Ad-hoc and small scale, works with the City Council's arms-length economic development company
				Marketing & Communications	
				Media, Public & Government Relations	
				Festivals & Event Development	
				Safety & Streetscape Improvements	
<b>Toronto (2.7 million)</b>	Toronto Entertainment District BIA	Downtown	2 million	Advocacy, Capital Improvements, Communications, Economic Development	Recent attempt to master-plan its area
<b>Vancouver (0.6 million)</b>	Downtown Vancouver BIA	90 blocks, over 3500 businesses	2.5 million	Ambassadors, Beautification, Cleanliness, Communications, Crime Prevention, Place-making	No evidence

Note £1 = approximately \$1.9 Canadian dollars

Table 3 outlines the defining characteristics and features for downtown BIDs in cities of a similar size to Newcastle. A number of general issues are worth highlighting:

- The budgets are around Canadian \$1.5-2.5 million (£800 000-1.5 million)
- There is significant similarity with the main programmes of leading UK BIDS
- There is not much evidence of significant economic development/physical regeneration activities

### **3.1.2 Model**

In most provinces and cities, BIAs are not-for-profit organisations under a particular government Act, such as in Vancouver where the BIA fall under the Income Tax Act. There is no single way of establishing a BIA in Canada. Each province and city has its own requirements of phases or stages through an application must pass for the establishment of a BIA. The duration for a Canadian BIA varies from one province to another and from one city to another. Many are given five year terms before they are required to seek a second term of office, for which there are clear procedures. The Downtown Vancouver BIA was renewed in 2010 for 10 years.

### **3.1.3. Governance**

Each Canadian BIA is run by a Board of Directors. The membership of this Board is subject to regulation which differs from one province to province and city to city. So, for example, in the city of Toronto one or more directors are either appointed directly or through delegate authority by city government. The other directors have to be property owners within the BIA, selected by a vote of

the membership of the BIA. For example the Calgary Downtown Association – which oversees Downtown Calgary (see Table 3) is governed by a twelve member Board of Directors. Each member is a levy or rate payer and is elected for three year terms of office. To stand for election they have to be nominated by a minimum of five business representatives with the Calgary Downtown Association boundaries. City government was once represented through the local officials (“Aldermen”) for Wards 7 and 8 in which the BIA is located. However this ceased in 2003.

Board of Directors meet on a regular basis – weekly or more commonly, monthly – and set the strategy that is then delivered by BIA staff. Despite being “independent” organisations, Canadian BIAs, particular those in the downtowns of Canadian cities where their political profile is high, work closely with city government. Their constitution and activities are subject to regulation and scrutiny. They also liaise over those issues that fall under the remit of city government, such as citywide campaigns, infrastructure investment, road closures, and transport planning.

### **3.1.4 Project activity**

Although the establishment and governance of BIAs in Canada varies by province and by city, the kinds of activities they pursue do not. Table 3 reveals the overlap between the activities carried out by three of the largest BIAs in downtown Canada. This apparent lack of variation reflects how a BIA emerges as a response to a particular set of local concerns amongst business and property owners, concerns which turn out to be shared by a number of cities and towns across Canada. It is possible to group the activities into three types of infrastructural activities:

#### **Physical infrastructure**

Capital improvements (e.g. lighting, street furniture, shrubbery and so on)

Economic development (e.g. offering incentives to businesses)

Maintenance (e.g. collecting rubbish, removing litter and graffiti and so on)

#### **Promotional infrastructure**

Consumer marketing (e.g. organising and advertising events, producing and distributing maps and newsletters)

Policy advocacy (e.g. lobbying government and other stakeholders, liaising with other Business Improvement Districts and so on)

#### **Surveillance infrastructure**

Public space regulation (e.g. regulating traffic flow, discouraging on-sidewalks selling etc)

Security (e.g. ambassadors, security guards, CCTV cameras)

### **3.1.5 Sources of revenue**

Canadian BIAs are funded through a levy on property owners. The precise mechanism differs from one province and city to another but normally the levy is calculated as a proportion of assessed or rateable value and is paid by property owners. The budgets range from 1.5 to 2.5 million Canadian dollars, which is approximately between £1 and 2 million and the reason some Canadian BIAs, such as those in downtown Calgary, Toronto and Vancouver, have high revenues is due to the high land

values in the centre of those Canadian cities. There is little evidence of Canadian BIAs generating anything more than a relatively small proportion of their total budget from non-levy sources, such as government grants or philanthropic donations. Indeed, much like their US equivalents, there is evidence that Canadian BIAs make a virtue of the funding of their activities coming from a levy on property owners.

## 3.2 USA

### 3.2.1 Introduction

The first US BID was established in New Orleans in 1975, five years after the first BID in the world was established in Toronto, Canada. It is a “hybrid” of the special purpose district (SPD) and the special assessment district (SAD), both of which were established in the 1960s. Subsequently BID programs have emerged in most US states, often initially been set up in the downtown before emerging in other areas and neighbourhoods in the city. There are no exact numbers on the number of BIDs in the US, although Mitchell (1999) estimated there to be just over 1000. As of 2015 it is reasonable, then, to expect there to be several thousand BIDs in the US. The states with the largest number of BIDs are California, New York and Wisconsin.

There is no US federal legislation for BIDs. Rather, BID legislation differs from one state to another although there are similarities in a number of features, for example in the process through which a BID can be established and who pays the levy. It is this that pays for many of the activities undertaken by US BIDs. The levy is calculated as a proportion of assessed or rateable value. For example in Fort Worth it is \$0.10 per \$100 while in Memphis it is \$0.65 per \$100. In most cities and states the levy is collected by a branch of city government and then given over to the Board and the staff of the BID to deliver an agreed programme of activities.

Table 4 in the Annex outlines the defining characteristics and features for downtown BIDs in cities of a similar size to Newcastle (see also Box 2 in the Annex), showing characteristics which include:

- The majority of budgets are around \$2-3.5 million
- There is significant similarity with the main programmes of leading UK BIDS
- Each of the BIDs undertakes some economic development/physical regeneration activities but there are largely small-scale and often centre on business recruitment and retention

Table 5 and Box 1 in the Annex outlines the defining characteristics and features for some of the largest and most well-known, in the US and internationally, East Coast BIDs. These were those visited by UK politicians and practitioners prior to the introduction of BID in the UK in 2001. A number of general issues are worth highlighting:

- The budgets are between \$10-20 million, reflecting the high assessed values of properties in these cities
- Each BID was established in the early to mid-1990s, reflecting the system-wide change in the way in which the management of US downtown has changed

- There is not a lot of evidence of non-levy revenue streams, with some BIDs, and other significant ones in these cities, making it clear they are not “subsidised” by the public sector. For example, the 34th Street Partnership, with a budget in 2014 of £9.9 million claims that it “receives no tax dollars, nor does it solicit funds from philanthropic donors. The public pays not one cent for the outstanding services and capital plant that the Partnership delivers” (<http://www.34thstreet.org/about-us/overview.html>)

### *3.2.2 Model*

In the US a BID is a public-private partnership, “membership-based” non-profit, although the specifics differ from state to state. Property owners define an area for a BID and then petition city government. Applications often emerge out of previous arrangements, such as less formal and voluntary business associations. Working together and canvassing local property owners, the case for a BID is made and a vote is held.

The duration for a US BID varies from one US state to another. Many are given five year terms before they are required to seek a second term of office.

### *3.2.3 Governance*

Each US BID is run by a Board of Directors. These are individuals drawn from those organisations in the BID area. The mix of the Board reflects the business mix of the BID area. The large downtown BIDs tend to be dominated by senior executives from large, often international, companies. The smaller BIDs tend to contain greater representation from owner-occupier businesses. In addition to representation from business, the Board will often contain members from arts, cultural and marketing organisations, together with one or two elected members. In some cases the Board is elected; in other cases, such as in Wisconsin, the Board is appointed by the city mayor or CEO, with the membership, for example the number of property owners, set out in the statute. Despite being “independent” organisations, US BIDs, particular those in the downtowns of US cities, work closely with city government on those issues that are part of the latter’s remit. These include the closing of roads for festivals/markets, infrastructure investment and transport planning.

However, of particular interest and difference, is the emerging case of the Chicago Loop Alliance which is developing more open and inclusive form of governance is develop and legitimise a more strategic set of objectives and projects (See Box 2 below).

## Box 2: Chicago Loop Alliance



Chicago Loop Alliance is contracted by the City of Chicago as the sole service provider for the State Street Special Service Area (SSA). An **SSA is commonly known in other cities as a Business Improvement District (BID)** and is a local assessment district that funds enhanced city services and programs—from landscaping to destination marketing campaigns—within a targeted area.

The CLA Board, committees and staff are guided by five core values: transparency, partnerships, constituent services, innovation, and return on investment.

The Chicago Loop Alliance funded a range of independent objective assessments of the state of the Downtown Area and of its potential and developed a clear and detailed **Strategic Action Plan**. The process of plan formulation included extensive outreach to a large collection of public and private stakeholders using multiple platforms. As well providing a focus and direction for CLA activities the plan:

- Identifies major assets, challenges and opportunities
- Sets out clearly the Strategic Objectives and corresponding programmes and projects
- Details its four core competencies: *Implementing programmes; Integrating multiple perspective; Connecting constituencies; Navigating Governmental Processes*
- Maps visually zones and physical priority improvements
- Recommends organisational changes intended improve delivery

Recommended changes to governance to grow in stature and effectiveness include:

- Fewer Board positions
- Increase the number of property owners on the board
- Establish a **strategic partner working committee** to meet monthly
- Establish standing committees including **planning and advocacy** and **placemaking and management**
- Reviewing the Strategic Action Plan Annually

### 3.2.4 Project activity

For the most part US BIDs do one or more of a certain type of activities. This is outlined in Tables 4 and 5 in the Annex . The limited variation reflects the ways in which a BID emerges as a response to a particular set of local concerns amongst business and property owners, concerns which turn out to be shared by a number of cities and towns across the US. It is possible to group the activities into three types of infrastructural activities:

### ***Physical infrastructure***

Capital improvements (e.g. lighting, street furniture, shrubbery and so on)

Economic development (e.g. offering incentives to businesses)

Maintenance (e.g. collecting rubbish, removing litter and graffiti and so on)

### ***Promotional infrastructure***

Consumer marketing (e.g. organising and advertising events, producing and distributing maps and newsletters)

Policy advocacy (e.g. lobbying government and other stakeholders, liaising with other Business Improvement Districts and so on)

### ***Surveillance infrastructure***

Public space regulation (e.g. regulating traffic flow, discouraging on-sidewalks selling and so on)

Security (e.g. ambassadors, security guards, CCTV cameras)

### ***3.2.5 Sources of revenue***

The bulk of a US BID's revenue comes from its levies. In most cases this is between 80%-100% of the total revenue. The budgets range from \$10 to \$20 million - which in sterling right now is about £6-12 million – and the reason some US BIDs have high revenues is due to the high land values in the centre of US cities – there is no sense that they are increasing the levy rate, with some making a feature of its low rate of growth. There is little evidence of any US BID generating anything more than a relatively small proportion of its total budget from non-levy sources, such as government grants or philanthropic donations. Other revenue streams are relatively small and marginal – and, again, some making a feature of not using “tax dollars” to fund their activities. Where they do exist, these other revenue streams comprise of city, state or federal grants; corporate sponsorship; philanthropic donations; and payments for delivery of services, such as the management of parks

## **3.3 Germany**

### ***3.4.1 Introduction***

The first German BID was established in Hamburg in December 2009. There is no federal legislation so laws are established at the state level. The impetus came from the Hamburg chamber of commerce. In comparison to the UK, in Germany chambers of commerce are significant political / economic actors. The BID emerged out of discussions amongst stakeholders, particularly city government and the chamber of commerce in the early 2000s. These led to the establishing of Gesetz zur Stärkung von Einzelhandels und Dienstleistungszentren (Law for Strengthening Retail, Service and Business Centres) in December 2004 which was the first BID state law.

There is now dedicated BID legislation in six of the 16 German Federal states – Bremen, Hamburg, North Rhine Westphalia, Saarland and Schleswig-Holstein (interview with German academic, February 2015). The first two BIDs established in Hamburg in 2005 were Sachsenor (in the district of Hamburg-Bergedorf) and Neuer Wall (central district of Hamburg). Four others – Wandsbek Markt, Lüneburger Straße, Alte Holstenstraße and Hohe Bleichen – were established in between the summer of 2008 and the summer of 2009.

As of early 2013 there were ten BIDs in Hamburg, with the first two BIDs established – BID Sachsentor and BID Neuer Wall – securing a second five year term of office through a ballot. By 2015 there were 42 BIDs in Germany – with approximately a quarter in Hamburg (interview with German academic, February 2015)

### **3.4.2. Model**

In Hamburg the city council works with property owners to support the application for a BID. This takes the form of auditing the application and assessing it against various public interest criteria prior to the first ballot. A steering committee – include city council representatives together with architects, consultants, planners and other state officials – oversee the generation of the application.

For this first ballot to be successful there is a need for two measures to be met which are overseen in two phases. In phase 1 (Initial preparation), 15% of those properties within the proposed BID area must vote for the BID; second, those properties that make up 15% of the size of the proposed BID are must vote for the BID. If both these thresholds are met, then the application moves to the next stage.

Phase 2 (Formal application and approval) involves the BID application is put out for public consultation for a month. At the end of this month property owners are again balloted. This time if less than one third (again in terms of the number of properties and in terms of their size) of the affected proprietors reject the application then the BID will be established by public statute. All those properties within the BID area are then legally required to pay the levy based on assessed property values. This is collected by the city council and then passed to the BID management body.

In terms of budgets, compared to BIDs in other countries, these are relatively modest. For the first seven Hamburg BIDs the budgets were as follows (Kreutz, 2013):

*Sachsentor* - 150 000 Euros for first three years (2005-2008); 600 000 for the second five years (2009-2013)

*Neuer Wall* - 6 million Euros over five years (2006-2010)

*Wandsbek Markt* – 4 million Euros over five years (2008-2012)

*Hohe Bleichen Heuberg* – 2 million Euros over five years (2009-2013)

*Lüneburger Straße* – 550 000 Euros over three years (2009-2011)

*Alte Holstenstraße* – 330 000 Euros over three years (2009-2011)

### **3.4.3. Governance**

Each Hamburg BID is run by a management body. In the case of Neuer Wall and Wandsbek Markt this is a construction company; for Sachsentor and Alte Holstenstrasse this is an economic development and marketing agency, for Hohe Bleichen this is a landscaping company, while for Lüneburger Straße it is a private urban planning company.

These management bodies enter into a contract regarding the activities of their BIDs over the course of their five year duration. The expectation is that contracts are honoured and there is thus little formal role for the city council.

The Hamburg model also illustrates the scope to bring together the management of a number of BIDs under a single organisation. This echoes arrangement between the Bryant Park BID and the 34th street BID in Manhattan, New York which share a management team

#### ***3.4.4. Project activity***

According to the different state laws all Germany BID activities have to be supplementary to those provided by public bodies such as the city council. Although there are significant differences amongst the Hamburg BIDs, they all undertake a range of basic activities:

- Additional service provision: (e.g. maintenance, promotion sanitation, security) – this is referred to as “place-keeping”, and emphasises the maintenance of the built environment within the BID area
- Capital improvements (e.g. lightening, street furniture) – this is referred to as “place-making”, and emphasises the design and enhancement of the public realm within the BID area.

According to Kreutz (2013, nd) the breakdown of the just under 26 million Euros expenditure on project activity is as follows:

- 36% (administration, marketing, services);
- 19% (“place-keeping”)
- 45% (place-making”).

#### ***3.4.5 Sources of revenue***

Hamburg BIDs have one source of revenue by which to fund their activities. This is the levy based on assessed property values within the BID area and paid by property owners. There is only very limited accessing of other existing revenue streams or the generation of new revenue streams by BIDs in the form of public funds being used for public space improvements.

## 3.4 Netherlands

### 3.5.1 Introduction

Business Improvement Zones (BIZ) (Bedrijven Investerings Zone) were established under a temporary or “experimental” law was introduced in 2009. By 2014 there were 113 in place – 35 in “business estates” and 78 in “shopping areas” (Lenferink et al 2014). This is out of approximately 470 applications for BIZ status. At the end of 2014 a permanent law was introduced, reflecting the widespread take-up of the model across cities and towns in the Netherlands, even if they remain relatively small in terms of their annual levies. It is predicted that their number will continue to grow quickly over the next couple of years (interview with Dutch academic, February 2015).

### 3.5.2 Model

Much like similar organisations elsewhere in the world, the origins for the establishment of a BIZ in Netherlands are local businesses. Negotiations occur between the municipality and those advocating for the establishment of a BIZ. An association comprised of representative of local business is established as a vehicle through to oversee the decision-making process. If a municipality agrees to the formation of a BIZ then all the businesses within the proposed area get a vote on its establishment. Over 50% of renting businesses have to reply, of which two thirds constituting over 50% of the assessed value, need to support the establishment of a BIZ. BIZs are established for five years.

While there is little data available on the levies for each BIZ, according to one commentary “they receive each year 10,000 to 350,000 euros”

(<http://www.verkeerskunde.nl/bedrijveninvesteringszones-geldstromen-voor.31903.lynkx>) The average is approximately 60, 000 Euros per annum (interview with Dutch academic, February 2015).

### 3.5.3 Governance

A local association is established to represent the interests of renters within the BIZ area.

### 3.5.4 Project activity

Given their relatively “immaturity” it is perhaps not surprising that BIZs in the Netherlands have tended to deliver a rather traditional set of activities, specifically: cleaning, marketing and security – any activities have to be “in the general interest and in the public space” (interview with Dutch academic, February 2015).

### 3.5.5. Sources of revenue

There is little evidence to suggest any revenue sources other than the levies that are collected from business owners who rent properties in the BIZ area. However, examples exist of BIZs’ pooling funds, such as in the example of Roermond. Here the eight BIZs have established a “mobility fund”, pooling resources to pursue programmes (improve maps and signage) which it is believed would benefit the whole city (Verkeerskunde 2015: Authors’ Interview with Dutch Academic 2015).

## 4 Learning from elsewhere II: UK Perspectives

Our comparative research now moves on to the UK, allowing analysis within the same national regulatory and legislative framework. Section 1, at the outset of the report, provided an overview of the varied evolution of UK BIDs, recognising that the particular combinations of shaping contexts means there is no ‘one-size-fits-all’ BID approach. The following unpacks this further by looking across the more detailed characteristics of leading UK BIDs<sup>6</sup> operating in comparator northern core city contexts.

### 3.3.1 Model

BIDs within the UK context operate under a near identical model. As explained in previous chapters, the BID generates an income through collecting a levy and then uses that revenue to provide services, improve the physical environment and initiate a range of events. Whilst the model under which British BIDs operate is fairly uniform, the external and internal drivers, the forces which steer their development, can vary slightly. Table 6 illustrates some of the subtle differences driving the need for and development of British BIDs.

**Table 6: BID Drivers** (sources: York Consulting Survey, Communities and Local Government (2007: 17); BID Business Plans; author’s research)

<b>BID</b>	<b>Drivers</b>
<i>NE1</i>	Deliver improvements to secure the city’s “place in the Premier League of European cities” and contribute to growing businesses and development
<i>Birmingham Broad Street</i>	Demand from local businesses to create a better marketed, more attractive and cleaner business environment
<i>Liverpool City Central</i>	Competitive threat to the retail heart of Liverpool from out-of-town and other retail centres in the region
<i>Manchester</i>	Act as a delivery mechanism for CityCo, the city centre management company, and to bolster the retail landscape of the city
<i>Nottingham</i>	Nottingham Leisure was formed to create a safer environment for the night time economy; the Retail BID was formed to improve the retail landscape; and the two were then combined in 2012 to provide the same benefits but profit from economies of scale.
<i>Leeds</i>	In part driven by the success of collaborative work around the Tour de France, together the stimulus of the new Trinity Gardens mall, the formation of the Leeds BID was driven by the Chamber of Commerce and City Council. The BID has also been driven by the support of the Business Service sector to help Leeds compete in attracting investment and skills at an increasingly global scale.

<sup>6</sup> The research for this report has been limited to the ‘premier league’ of high income BIDs all with an annual levy income of over £.5 million

Whilst there is evidence of subtle variations, BIDs have typically been formed as a response to a small number of common issues. These broadly surround the threat to city centre retail from out of town shopping centres; the need for greater public consultation concerning the privatisation of public space; and the desire to improve the physical space of an area in terms of its cleanliness, environment and general attractiveness.

### 3.3.2 Governance

There is no standard method of structuring a BID board. Not only are there variations in terms of the specific governance structures of UK BIDs, but there are also differences in relation to the general philosophies of governance and the processes through which decisions are made. (Table 7) For example in the case of NE1, it is notable that there is no representation of independent retailers and but rather a large “other” category, indicating the diverse range of businesses involved as befits a large BID.

**Table 7 BID Board Structure** *(Source: Author’s primary research)*

	NE1	Manchester	Leeds	Liverpool City Central	Birmingham Southside
<b>Multiple Retailers</b>	2	4	5	5	3
<b>Independent Retailers</b>	0	4	2	4	3
<b>Leisure</b>	2	0	1	3	1
<b>Office</b>	0	0	6	2	2
<b>Property Owners</b>	0	0	0	6	0
<b>Public Sector</b>	7	3	6	7	4
<b>Other</b>	5	4	0	0	0
<b>All</b>	16	15	20	27	13

The other category includes solicitors, property developers, architects and chartered surveyors. The Manchester Board includes all businesses with a rateable value of or above £900,000 and local businesses with a “vested interest in the area, but which do not qualify to be part of the BID” (Heart of MCR, 2013: 21).

Significantly some BIDs have regulations relating to their board member selection process. These include the Manchester BID, which requires four retailers from the Arndale shopping centre and four retailers that do not operate in the centre; and Liverpool, which operates a structure under which the retail, leisure and office members are elected and the public sector members remain permanent. With no similar requirements, NE1 has a relatively streamlined governance structure with a highly autonomous executive team. This can be seen as strength, in terms of permitting quick decisions

and allowing for a great degree of flexibility. But it may also be regarded as a weakness, especially in terms of representing the broader stakeholder spectrum and ensuring that decisions are made on behalf of the majority of BID members.

### 3.3.3 Project Activity

NE1 has been successful in initiating and delivering a wide range of programmes and events. Table 8 details the broad spectrum of events and programmes undertaken by leading British BIDs.

**Table 8: Typical British BID Project Mix**

Events	Place Promotion	City Environment
Fashion	Website	Clean team
Food/restaurant	App	Ambassadors
Music	Magazine	Taxi marshals
Sport	Advertise through local media	Security team
Cultural (Xmas, Easter)	Social media accounts	
Competitions		

Whilst NE1 has been successful in introducing a number of key events and initiatives, it is by no means out of the ordinary. Due to the size of NE1, in terms of hereditaments and income, the range of programmes it has been able to initiate could be expected, especially when considering the benefits associated with economies of scale. The comparative research presented in this report has revealed how BIDs tend to replicate one another, with a very limited amount of novel programmes associated to particular cities.

In addition to events, Table 9 details the percentage expenditure of each BID on a number of core programmes.

**Table 9 Percentage Breakdown of Annual BID Expenditure (Source: Author's Primary Research)**

	NE1	Manchester	Leeds	Liverpool	Nottingham	Bristol
<b>Marketing, promotion, events</b>	33	52	30	33	44	56
<b>Environment, cleansing, maintenance</b>	22	18	30	43	33	26
<b>Management and overheads</b>	18	22	17	24	17	16
<b>Business Leadership and Other</b>	27	8	23	0	6	2
<b>All</b>	100%	100%	100%	100%	100%	100%

Unlike the other BIDs, NE1's "other" allocation of funds is relatively large but relates to expenditure on "Business Leadership" initiatives. Such initiatives include an involvement in securing and delivering capital projects, as well as lobbying and bolstering profile, which demonstrates the extent to which NE1 has been innovative compared to other BIDs in terms of their investment choices.

Despite inevitable similarities with strategies of several other BIDs, with economies of scale achieved with greater size NE1 has implemented several activities unique to Newcastle:

- Newcastle City Marina
- Quayside Seaside
- Alive after Five
- Space 2 young people's centre
- Central Station Refurbishment and modernisation

### *3.3.4 Source of Revenue*

Whilst the vast majority of revenue generated by British BIDs is derived from the levy, a number of BIDs have been innovative in their attempts to generate further income streams from other sources. These include providing additional services; acting as intermediaries for broader projects; and through receiving contributions from local authorities, property owners and businesses. Table 10 demonstrates the type of initiatives undertaken by relevant BIDs to generate additional revenue streams.

It also shows how BIDs have had different levels of success in terms of acquiring additional income. Securing grants and voluntary contributions appears to be the best way for BIDs to generate larger additional revenue streams; providing additional services generates only a limited amount when compared to the size of the annual levy. Certain BIDs, including Manchester, have set targets regarding the generation of additional income, aiming to "increase revenue by at least 20% over the life of the BID" (Heart of MCR, 2013: 22). This is very uncommon but demonstrates a more strategic approach to the identification of additional income streams.

The data illustrates how additional revenue source typically constitute a small amount of income compared to that of the levy. Transparency in relation to additional revenue sources also remains as a pertinent issue, made evident by the inclusion of "voluntary" and "other" sources of income in company accounts. As well as these forms of additional revenue, previous research has highlighted how the most common source from which BIDs accumulate further income is via local council contributions, followed by contributions made from property owners and BID members themselves (GLA, 2013: 29).

Table 10: British BID Additional Revenue Streams (Source: Nationwide BID Survey (2012) and author's primary research)

BID	Levy (£)	Additional Income (£)	Source	Percent of Levy
<b>Birmingham Broad Street</b>	400,000	32,000	Advertising deal (12,000); voluntary contributions (20,000)	8%
<b>Birmingham Southside</b>	350,000	140,000	Grant (40,000); private sector (40,000); ERDF (60,000)	40%
<b>Bristol Broadmead</b>	356,000	120,000	Bristol Alliance (80,000); Bristol City Council (40,000)	34%
<b>Leeds</b>	2,000,000	100,000 (estimated)	Voluntary contributions	5%
<b>Liverpool City Central</b>	560,000	150,000	Commercial pitch hire (100,000); other (50,000)	27%
<b>Manchester Cityco</b>	965,000	55,805	Voluntary contributions; sponsorships; sale of services; consultancy	6%
<b>Nottingham Leisure</b>	370,000	107,000	Grants (86,400); sponsors (6,000); participation fees (12,000); other (2,600)	29%
<b>Nottingham Retail</b>	660,000	43,640	Voluntary contributions	6%

## 5 The way ahead: NE1 and pacesetting BIDs

### 5.1. Introduction

This concluding section of the report draws on the experience of leading BIDs in the UK and elsewhere to inform NE1, and pacesetting BIDs more broadly, as to how it might develop its own business and enhance wider city and regional impact. It is based on the assumption that NE1 will continue to operate within the current UK legislative environment for BIDs with possible minor changes such the possibility of establishing property owner BIDs. Within this framework there are a number of ways ahead for NE1 as a pacesetting BID, which can be summarised under three separate but not mutually exclusive headings:

- More intensive work along the lines already taken (**Deepening**)
- Extending activities into new areas (**Widening**)
- Developing NE1's local networking role and its position in the national and international BID community (**Connectivity**)

### 5.2. Deepening

Most of the BIDs reviewed in this report have confined their work to a limited range of activities and have focussed on very small geographical areas within the city centre. This has meant spending levy income on what the businesses in that area want and where a link can be readily made between BID investment and business indicators such as footfall and property values. There is no evidence of leading BIDs expanding greatly in terms of **either** their **geography** or **scope of activities**. Even those with substantially higher income arising from much high property values such as those in the major US city downtowns have stayed very focused on delivering a limited range of services that benefit local property owners; they have stuck to this model for a generation.

NE1 is in discussion with some of the owners and tenants in Northumberland Street, one of Newcastle's prime shopping streets, around the need to upgrade the quality of the environment embracing what German commentators refer to as '**place keeping**' and '**place making**'. The Neuer Wall area in Hamburg is a good example of what can be achieved. The former would involve intensification of the NE1 supported services already provided for the whole NE1 area and the latter improvements to the streetscape along the lines of the physical improvements akin to pocket parks. A similar approach could be adopted in different streets or small zones within the wider NE1 area but with a different activity mix. For example the historic but run down Bigg Market could be the focus a high quality small retail/leisure zone with links to the visitor magnets of the Cathedral and Castle. Science Central could likewise become a zone with a focus on science linked business and education.

To maximise the desired outcomes the NE1 would need to assume a supporting role in relation not only to the quality of the environment but also to the overall tenant mix and adjacencies and in the process create a number of beacons for the city centre that attract inward investors. The current land use planning system cannot achieve such outcomes on its own. However property owners and landlords working together might just be able to pull this off. But this would require considerable investment from the current NE1 executive team to create a number of beacons within the city centre that could attract inward investors.

In facilitating such a deepening process NE1 would need to recognise that city centres are dynamic places experiencing powerful, structural and locational shifts in both supply and demand - for example in terms of the preferred location of prime retailers and the most desirable focus for the night time economy. Care would therefore have to be taken to avoid the displacement of activity from one part of the city centre to another with no additional growth. In this deepening activity the role of the NE1 executive team would be to **support the bottom-up formation of city centre zones and provide additional services.**

### 5.3 Widening

One form of widening activity would be for NE1 to become a lead player in facilitating major city centre regeneration schemes like East Pilgrim Street supported by additional public funds. This would in part be in recognition of the declining capacity of the local authority and the public sector more widely to drive forward such projects. Going down this road does however pose a number of challenges:

- Increased scrutiny over the use of public funds
- Unintentional displacement of private sector organisations providing services in regeneration
- Independent external monitoring and reporting of outputs, outcomes and impacts
- Less control over wider communication to the business community
- Potential diversion of resources raised by the levy across the whole NE1 area
- Different skill sets needed within the NE1 executive team possible diluting the entrepreneurial nature of the current organisation
- Finding a niche for NE1 in the complex and overlapping structures of urban governance
- Covering the cost of project delays outside of the control of NE1

While these challenges are not insurmountable it could be argued that without new powers and resources being provided to BIDs by central government **formal** participation in such schemes would present a real risk. But an **informal** facilitating role thorough day to day contacts, networking to progress ideas, formulating proposals in close partnership with the public sector and attracting private sector commitment contingent on public support would be consistent with the purpose of NE1 as a BID, especially if projects can be identified which can be seen as benefitting levy payers across the city as a whole (e.g. Central Station).

Alongside facilitating physical regeneration projects another form of widening would involve NE1 engagement in a broader range of economic development initiatives that support the business of levy payers across a fuller range of sectors beyond retail. It is significant that several London BIDs and the proposed Leeds BID are working closely with business and financial services. Likewise the Sheffield BID has been developed with Sheffield University and the cultural sector. These more recent BIDs do indeed indicate a widening role for UK BIDs. Such activity could complement the geographically targeted approach referred to under the heading of deepening. For example projects could be launched with the higher and further education institutions and businesses in terms of making the city centre an even more student friendly environment. Links between cultural venues (like the Tyneside Cinema) and the rapidly 'fusing' digital and creative sectors could be built upon to

help promote Newcastle as a creative city. NE1 could also team up with institutions like the Lit & Phil and the Centre for Life in promoting the intellectual vibrancy of the city in a way that contributes to the attraction and retention of creative professionals to the benefit of levy payers in all sectors. The chief value of NE1 in such initiatives would be in making connections **within** and **between** the private and public sectors.

## 5.4 Connectivity

A key strength of NE1 has been the connections the Executive Team have made between public and private sector stakeholders involved in the development of the city centre. This has very much been an entrepreneurial and bottom up process around individual projects. In adopting this approach the team has not been constrained by top down strategies that can act sometimes be a barrier to action in the public sector. Inevitably some projects ideas may never get off the ground, some may fail while others are a runaway success. A very light touch governance structure has made this possible.

However, as NE1 seeks to deepen and widen its portfolio, it will need to reconsider how it more **formally** connects its work to some of the **key public and private** sector stakeholders in the city centre to its work without constraining the entrepreneurship of the BID executive team. By comparison the newer UK BIDs embracing the whole city centre and a wide portfolio of activities (such as Liverpool, Leeds Sheffield) do have more formal and active governance processes in place. For example the Liverpool BID operates a structure where the retail, leisure and commercial members are elected while the public sector members remain permanent. The Manchester BID has an explicit retail focus and requires the board to include four retailers that operate in the Arndale Centre and four that do not. More significantly the BID is linked to the Manchester City Co membership organisation which operates as a ‘partnership to manage and market the city centre’. The Heart of Manchester BID covers the retail core but is one of 16 zones within the Manchester City Centre Strategic Plan developed by City Co and Manchester City Council. In addition there are examples of where major city centre US BIDs have sought to refine their governance arrangements to help with navigating governmental processes. The Chicago Loop Alliance BID in particular has been proactive in its attempts to “earn a seat at the table” in downtown development, design, and general decision making through for example Leadership forums (Box 3).

### Box 3: Chicago Loop Alliance- Leadership Forum: The Park Effect



The opening of Millennium Park ushered in a new era of investment in the Loop's parks and public spaces. Later this year, construction on the second phase of the Chicago Riverwalk extension will wrap up, while Maggie Daley Park, the city's new playground, will fully open to families and urban adventurers alike.

Panelists will offer their insight into promising new park developments and how the Loop stands to benefit. Chicago Loop Alliance (CLA) will host a public Leadership Forum on Wednesday, May 6 from 8 - 9:15 a.m. focusing on the economic impact of public space.

There are clearly different models for the BIDs in the England's provincial cities but in all involve close partnership with the local authority. In the context of the ongoing political and policy debate around devolved governance a case needs to be made for the role of BIDs as a voice for the private sector. NE1 is the longest established BID in a northern city with a strong track record of success. This can provide a platform for it to connect to this debate and indeed play public a role in informing and shaping it, not least through comparative research.

In this sense, a key challenge facing pacesetting BIDs relates to capturing their impact on their local economies and helping to inform their position within local governance structures. This challenge relates to three inter-related levels. First, BIDs can serve as key conduits and repositories through which change in local economies can be monitored. BIDs can harness their unrivalled access to the business community to capture and report key trends, patterns and intelligence shaping the local economy. On the one hand, this can help inform collaborations with other local institutions in the development of broader economic development strategies. On the other hand, the BID can serve as a repository of intelligence and data for its members (e.g. BID4Leeds and the Leeds Data Mill). Second, BIDs continue to face the challenge of measuring their impact on their local economies (DCLG, Authors Interview 2015). Unpacking and establishing the impact of BID related activities and associated multipliers is a complex and resource intensive challenge (See Box 4 in Annex), but it can help further legitimate enhanced resources for a BID and its positionality within governance structures. Whilst an effective methodology to achieve this is likely to remain elusive, it does not mean it should not be tried. Third, feeding into measuring the overall impact of BIDs, is the challenge of capturing in a rigorous manner the performance of project level activities. Further support and guidance for BIDs around these matters was raised in the recent Government Review of BIDs (DCLG 2014) and could prove crucial in enabling BIDs to access and work with funding streams with requirements for detailed evaluations.

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## Annex

**Table 4 US Business Improvement Districts: A Sample**

	<b>Name</b>	<b>Size and/or number of blocks</b>	<b>Levy Budget (US \$)</b>	<b>Main Programs</b>	<b>Economic Development/Physical Regeneration</b>
Austin, TX (885 000)	Downtown Austin Alliance	638	2.9 million	<ul style="list-style-type: none"> <li>- Arts/marketing</li> <li>- Communications</li> <li>- Security &amp; Maintenance</li> <li>- Streetscaping &amp; Transportation</li> </ul>	Yes – Lobbying and promotion of commercial, retail and residential markets
Baltimore, MA (622 000)	Downtown Partnership of Baltimore/ Downtown Management Authority (DMA) BID	106 blocks	Not known	<ul style="list-style-type: none"> <li>- Capital Projects</li> <li>- Communications</li> <li>- Outreach</li> </ul>	Yes – Façade program and works as an intermediary between stakeholders
Boston, MA (646 000)	Downtown Boston BID	500 properties/34 blocks	2.6 million	<ul style="list-style-type: none"> <li>- Beautification</li> <li>- Capital Improvements</li> <li>- Cleaning &amp; Hospitality</li> <li>- Events</li> <li>- Marketing</li> </ul>	Yes – Advocacy, guidance on building regulation, promotion to potential businesses and investors
Columbus, OH (823 000)	Capital Crossroads SID	500	1.8 million	<ul style="list-style-type: none"> <li>- Beautification &amp; Public Enhancements</li> <li>- Engagement</li> <li>- Marketing &amp; Business Development/Recruitment</li> </ul>	Yes – Business development and recruitment
Denver, CO (650 000)	Downtown Denver Partnership Inc.	420 properties/120 blocks	3.5 million	<ul style="list-style-type: none"> <li>- Pedestrian Environment (streetscaping, signage, - tree planting)</li> </ul>	Yes – business recruitment/retention and business surveys
El Paso, TX (675 000)	El Paso Downtown Management District	630	740 000	<ul style="list-style-type: none"> <li>- Education &amp; Promotion</li> <li>- Events</li> <li>- Marketing</li> <li>- Quality of Life</li> <li>- Sanitation &amp; Security</li> <li>- Transportation</li> </ul>	Yes – Façade Improvement Program, Special Event Permitting Program,
Fort Worth, TX (732 000)	Downtown Fort Worth PID (Public Improvement District #1)	335	2 million	<ul style="list-style-type: none"> <li>- Maintenance &amp; - Landscaping</li> <li>- Marketing &amp; - Communications</li> <li>- Promotion &amp; Special - Events</li> <li>- Security &amp; Enhancement</li> <li>- Research</li> <li>- Transportation &amp; Planning</li> </ul>	Yes – Downtown Tax Increment Finance (TIF) District
Jacksonville, FL (843 000)	Downtown Jacksonville BID	500	1.1 million	<ul style="list-style-type: none"> <li>- Cleaning &amp; Safety</li> <li>- Communication &amp; Partnership</li> <li>- Marketing</li> <li>- Stakeholder Support</li> </ul>	Yes – Business recruitment/retention

Milwaukee, WI (600 000)	Milwaukee Downtown BID (BID#21)	500 properties/100 blocks	3 million	<ul style="list-style-type: none"> <li>- Communications &amp; Marketing</li> <li>- Clean &amp; Safety</li> <li>- Graffiti Removal</li> <li>- Landscaping</li> </ul>	Yes – Night-time economy
Oklahoma City, OK (610 000)	Downtown Oklahoma City Inc.	?	1.5 million	<ul style="list-style-type: none"> <li>- Landscaping</li> <li>- Marketing</li> <li>- Promotions</li> <li>- Street Cleaning</li> </ul>	No
San Francisco, CA (840 000)	Union Square BID	27 blocks	3.2 million	<ul style="list-style-type: none"> <li>- Advocacy &amp; Public Affairs</li> <li>- Marketing &amp; Communication</li> <li>- Public Safety</li> <li>- Streetscape &amp; Beautification</li> </ul>	Yes - sponsors architectural and restorative programs
Seattle, WA (652 000)	Metro Improvement District/Downtown Seattle Association	285 blocks	7.2 million	<ul style="list-style-type: none"> <li>- Hospitality</li> <li>- Maintenance</li> <li>- Public Safety</li> <li>- Streetscape</li> </ul>	Yes - Downtown market and demographic research; Development guides; Street-level business inventory and listings; Neighborhood profiles and; Pedestrian counts

Note £1 = approximately \$1.55 US dollars

Table 5: US East Coast BIDs: A Sample

Name	Year of formation	Area	Current annual budget/programs	Other funding streams
<b>Manhattan (NYC)</b>				
<b>Downtown Alliance</b>	1995	The Downtown Alliance serves Lower Manhattan south of the north side of Murray Street, roughly from City Hall at the north to the Battery at the south, and from the East River to West Street	\$15.7 million in assessment revenues and \$3.1 in other revenues - The Organization's six major programs include the following: Sanitation - Maintaining clean streets/curbs and litter removal, as well as enhancing the district through plantings, public space improvements and facade lighting; Public Safety - Providing increased public security through a combination of uniformed guards and working relationship with the New York City Police Department; Communications - Promoting Lower Manhattan through the general media and special events; Economic Development - To retain and develop prospective businesses; Transportation - Improving transportation to and from, as well as within the district through joint partnership with city agencies and providing a free jitney service; and Social Services - To develop and implement social programs and coordinate with other social service organizations located within the District.	Chasing for more details of "Other revenues"
<b>Times Square Alliance</b>	1992	The Alliance's district covers most of the territory from 40th Street to 53rd Street between 6th and 8th Avenues, as well as <b>Restaurant Row</b> (46th Street between 8th and 9th Avenue).	In 2010 - \$10.3 million Assessment revenue Grants, \$3.0 contributions and sponsorships; and \$1.2 Program service revenue and interest – Organisation's programs are Marketing, communications, and events; Visitor Center; Public safety; Sanitation; Policy, planning & design; business development; Public improvements; and Administration	Chasing for more details on the two non-assessment revenue sources.
<b>34<sup>th</sup> Street Partnership</b>	1992	31 block area around 34 <sup>th</sup> street	\$9.9 million assessment revenue; \$0.8 million parks revenue and; £0.4 million other service programs revenue; Programs are public space, streetscape, horticulture, visitor services, sanitation, security, retail services and capital projects	In 1997, the 34th Street Partnership signed an agreement with the New York City Department of Parks and Recreation to rehabilitate and manage

<b>Philadelphia</b>				
<b>Central Center District</b>	1991; in 2007 authorised until 2025	41 million square feet of office space, 11 colleges, universities, and medical schools, 3 major hospitals, 11,326 hotel rooms, 409 arts and cultural institutions, 3,217 retail premises, 458 full-service restaurants, 327 outdoor cafés, and almost 180,000 residents	\$20 million – two thirds of this budget is spent on on-street staff; the rest goes on landscaping, lighting, and pedestrian and transit signs	The CCD has leveraged \$31,077,873 of its own resources to secure another \$74,528,238 in foundation, federal, state, city, and private funds to make \$105.6 million in total public space enhancements between 1997 and 2013
<b>Washington DC</b>				
<b>Downtown DC BID</b>	1997; in 2015 authorised until 2017	138-block area of approximately 520 properties	\$10.4 million – Admin/Marketing (24%); Public Space Management (7.7%); Safety (26%); Maintenance (23%); Homelessness (5%); Infrastructure/Sustainability (5.5%) and Economic Development (7.8%)	Not clear, although lots of different public and public-private agencies are referenced. Have emailed.

### BOX 1: The example of Milwaukee Downtown BID

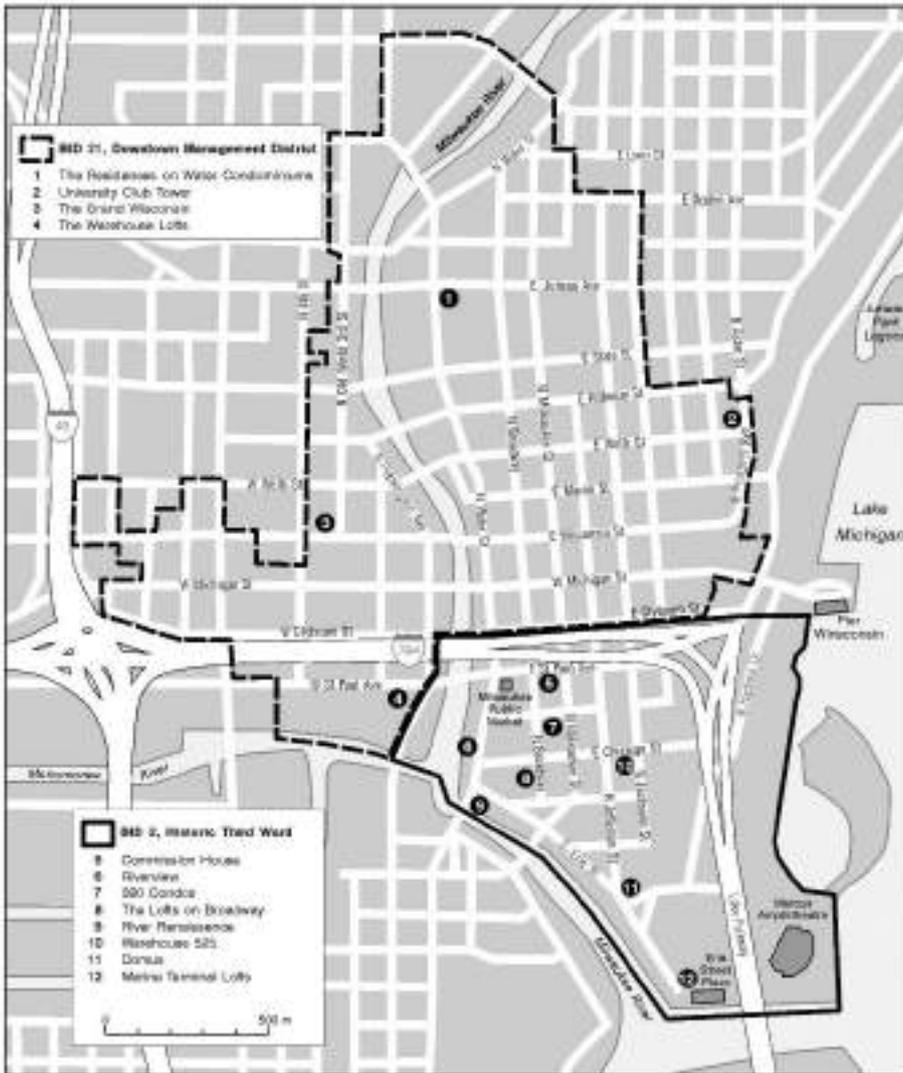
Established in 1997; approximately 100 square blocks

Total levy is US \$ 3million (was \$2.5 million in mid 2000s)

Largest (by assessed valuation) in city/state; 34 in the city of Milwaukee

Seven staff – CEO, Executive Assistant, Economic Development Director, Marketing and Special Events Co-Ordinator; Director of Public Ambassador Program, Director of Clean Sweep Ambassador Program, and Lead Dispatch.

Its location is set out below



## BOX 4: Measuring the impact and effectiveness of BIDs

The roles of BIDs are to act in the interests of their levy payers. BIDs have managed with differing levels of success managed to measure the gross return on investment of particular projects for beneficiary businesses. In order to convince policy makers to allocate more expenditure within BID areas it would be potentially valuable to demonstrate that the BID was having a positive effect on the city as a whole and not simply diverting demand from one part of the city to another.

One of the key aims of BIDs has been primarily focussed on measures to increase footfall and spend. Changes in the value of retail and leisure business accommodation at the city region scale (or Primary Urban Area(PUA)) could provide a potentially useful **contextual indicator**.

**Changes at a City region (PUA) scale on Retail and Leisure stock values and stock count the impact of BIDs (source: CURDS using VOA data analysed by UCL)**

April 2010 - April 2012 % change	VALUES <sup>7</sup>	COUNT
<b>Tyneside</b>	<b>19.00%</b>	<b>-0.50%</b>
<b>allPUAs</b>	23.90%	0.30%
PUA with BID	<b>24.60%</b>	0.20%
PUA with no BID	21.60%	0.60%
London & environs BID	<b>28.50%</b>	0.40%
London & environs no BID	21.60%	0.40%
midland BID	13.30%	0.00%
midland no BID	15.50%	0.10%
northern BID	<b>23.10%</b>	0.00%
northern no BID	21.80%	0.50%
other south/east BID	20.90%	-0.10%
other south/east no BID	19.50%	0.20%
Scotland/Wales/N.Ireland BID	29.40%	1.40%
Scotland/Wales/N.Ireland no BID	33.30%	3.70%

As BIDs become more embedded as key players in city centre development, design, and general decision making it will be more important that they are able to monitor their contribution to ideas, research, action and civic engagement and share in a collective understanding of changes and

<sup>7</sup> The methodology used by UCL to aggregate data into activity types may overestimate the overall value change. The figures nevertheless provide a useful contextual indicator of relative performance

opportunities. However this does not mean they need to attempt to tease out the overall direct impact of spend since such attempts would prove futile.

Success in measuring the impact of BIDs at a wider scale will continue to remain elusive. Difficulties include:

- BID interventions remain **dwarfed in scale** by:
  - Private sector investments in land and property
  - Public sector investment in economic development, arts and culture, the recycling of land, employment and skills, neighbourhood renewal and community development, etc
  - Changes in wider economic conditions – in turn affecting changes in employment, footfall and spend
- Increasingly BIDs are forming across the most comparable of UK cities **leaving no policy off comparison**
- Cities face long **processes of restructuring and change which are complex, inter-connected** which are to a degree unique to that city **establishing the counterfactual remains an intractable problem**
- The distinctiveness of cities, at the same time creates a **uniqueness of opportunities**



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