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Increasing Investment in Towns & Cities  
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# Increasing investment in towns and cities

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## Mo Aswat

graduated from Surrey University with a BSc (Hons) and then completed an MBA at Nottingham University specialising in looking at public/private business partnerships. He has over ten years of practical city and town centre management experience including acting as Executive Director for BedfordBID and Chair of BID Leamington. He is also a Fellow of the Institute of Place Management. Mo's work has covered developing town centre companies and their funding, the management of the evening economy in towns and the development of business-led partnerships on industrial estates. He developed the Bedford BID, which was the first small town in the country to vote for a BID in March 2005. BedfordBID was the overall regional winner at the 2005 ATCM Showcase Awards and highly commended at the National ATCM Awards 2006. Mo Aswat was chosen by *Shopping Centre* magazine as Town Centre Manager of the Year in 2007. In 2005, Mo set up The Mosaic Partnership. Using practice-based experience, it provides advice and support from idea generation to implementation in the fields of Business Improvement Districts, Estate Management and Town Centre Management and Partnership Development. The company has advised on over 50 successful BIDs, delivered over 20 Partnership Capacity Building Programmes and its recently launched Information Management System is used in 25 locations. Mo is also a director of a family-owned property company that specialises in the refurbishment of industrial buildings.

## Jacquie Reilly

specialises in the development and support of business-led partnerships and has over 15 years' experience in this field at local, regional and national level. She is BIDs Director for the Association of Town Centre Management (ATCM), heading up the National BIDs Advisory Service, and leads the organisation's work on Business Improvement Districts (BIDs) in developing robust partnerships and engaging with business and public bodies. Jacquie joined the ATCM in 2002 to develop and deliver the National BID Pilot having gained extensive experience of setting up and delivering partnerships on the ground. She played a leading role in shaping the BID legislation and wrote the 'Good Practice Guide' to BIDs signposted by Government. Jacquie is involved in a number of Government groups advising on BIDs and is an international speaker on BIDs and partnership development. She has recently developed the Regional BIDs Academy concept and led the first Academy programme in the East Midlands, which delivered four BIDs in its first year, bringing an additional £4m into the region. Jacquie is editor of 'Talking BIDs' and she recently co-authored the 'Ten Step Guide to Creating Effective Partnerships and BID Development'.

**Abstract** Although town and city centres have existed for hundreds of years they need to evolve and adapt continually if they are to remain competitive. Fundamental to this will be an increase in investment. To achieve this, we need to engage with and support self-reliant and proactive business communities by developing easily accessible mechanisms which offer them freedom, money and the opportunity to manage their own local issues. Town Centre Management and Business Improvement Districts (BIDs) offer businesses clarity and control and therefore the incentive to engage. These models already have a proven track record of success.

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In order to increase investment in towns, it is necessary to engage with mechanisms which offer freedom, support self-reliance, proaction and the opportunity to manage business communities. Such communities have their own local issues and these mechanisms must ensure clarity and control in order that businesses can have confidence in them and

therefore the incentive to engage.

For those thinking that such mechanisms do not exist and that, even if they did, public sector control and private sector scepticism would not allow them to work, Business Improvement Districts (BIDs) demonstrate that they can be achieved. Since the introduction of BIDs in 2004, over 100,000 businesses have engaged in the process and chosen to give over £300m to support additional investment in their locations.

Traditionally, Chambers of Trade and Commerce and other similar bodies have been seen as the main avenue for businesses to have a voice at both a central and local level. They are, however, focused mainly on technical training, business advice and lobbying, rather than engaged in the process of identifying and delivering local solutions. In addition, active engagement has tended to be driven by larger businesses that have the resources to participate in research and lobbying.

The public sector is often seen as the body which has responsibility for all the issues businesses face beyond their front doors. Many businesses, however, fail to understand public sector statutory obligations and limitations of funding or even the fact that business rates are collected locally but handed to central government for redistribution. For the public sector businesses are not voters, and successful businesses bring no direct benefit to local authorities. In the US, for example, the local sales tax ensures that the public sector has a direct benefit and therefore an interest in the success of local businesses. The recent introduction of Local Business Growth Incentives allowing local authorities to retain some of the additional business rate income generated by economic growth within their areas is an incentive for local authorities to invest in economic development. But what about ensuring that the existing businesses are sustainable and successful? With the current forecast of an economic downturn as the credit crunch takes hold and the clone town syndrome spreads, it is essential to engage local businesses in the collective challenge to maintain competitive advantage, ensuring that they are successful and continue to invest in the area. Maintaining the status quo is not an option.

Governments have shown considerable interest in financial devolution, in both investigating potential voluntary mechanisms such as Business Rate Supplements and imposed mechanisms such as Alcohol Disorder Zones (ADZs). Alcohol Disorder Zones are identified and decided on by the local authority, who then notifies local businesses that they intend to create a zone and impose an arbitrary cost on each business for a short period for additional policing. This can only be short lived and simply serves to divert the problem rather than provide a mechanism to work with businesses to address the causes, while at the same time effectively branding the area as a failed location and not somewhere that responsible and successful business (which they would no doubt like to attract) would want to do business.

The introduction of Businesses Rate Supplements would establish a link between the relative success of the local business community and the size of the tax take. The level of financial devolution, the engagement of businesses in how the funding is spent and how those spending the money would be held to account, however, remains an issue. In addition, Business Rate Supplements would only affect larger businesses (in a typical town centre outside London and the South East, fewer than 20 per cent of businesses) and do not

therefore engage the majority of businesses in the debate about their own destiny.

Engaging businesses in a location is quite some challenge. While there is a tendency to refer to the 'business community' as if it were one homogeneous group, even within business sectors there are substantial differences between businesses interests and needs. Capturing interest and building relationships takes considerable time and resources. It can be difficult to identify who to approach — local store manager, area manager or head office, owner or occupier — and even more difficult to provide an initial demonstration of the benefits of engagement.

There are real and tangible benefits to engagement, however, and it is essential to find ways to get these messages across. A collective voice for any community offers a strong and credible approach which leads to recognition and influence. In addition, working together, businesses are able to have a direct impact on the things that impact on them. If successful, they have the opportunity to drive down costs, increase profits and thus protect their investments. Beyond this, they can also deliver corporate social responsibility and influence quality of life for both employees and customers.

The public realm is the trading environment and is both the responsibility and the interest of public and private sectors. It has long been recognised that partnerships between these sectors are the best way forward. But how does one find models that offer both sides a mechanism in which they can be confident of delivery?

Town Centre Management and, more recently, BIDs are transforming high streets and other business centres by providing a mechanism which brings public and private sectors together in partnership. These models bring stakeholders together to agree common objectives and actions that will deliver against the objectives. In order to be successful, they need both public and private sector funding and must therefore meet the needs of both communities to secure their support, thereby blazing a trail for genuine engagement.

The success of such partnerships is demonstrated by the impact that they have had, in both tangible results, such as reduction in crime, improved environmental quality and increased footfall and better working relationships, and improved political and managerial leadership. They provide legitimacy and accountability and offer financial autonomy. They ensure an understanding of business thinking and needs at the same time as a recognition of public sector input and support.

The first Town Centre Management scheme was introduced in the 1980s, and today there are over 550 managed centres. The BID legislation came into force in England in September 2004 and, to date, there have been 150 successful ballots, in which businesses have voluntarily voted to pay an additional levy to improve the area in which they operate.

Although early successes in BID development have been seen, these partnerships are not easy to establish. First, they must facilitate engagement with all the businesses in the area (even in a small market town this could equate to around 500 businesses). Secondly, the partnership must establish a common purpose and build consensus on how this can be achieved. Thirdly, they will need to build the capacity of the organisation to manage a successful company and deliver projects which provide tangible results.

Regeneration partnerships have often been seen as the best mechanisms for business participation. Businesses who get involved, however, are usually larger organisations. The work undertaken tends to be focused on substantial activity such as masterplanning and major redevelopment proposals. For many businesses, it is the practical day-to-day issues that are more pressing. If the streets are unclean and unsafe and customers are choosing to go elsewhere, long-term development plans are unlikely to offer any immediate reassurance. Larger projects can take a long time to come to fruition and, in the meantime, some businesses may not survive.

Funding is another key element in shaping the projects that partnerships deliver. Grant requirements can often mean that the original idea has to be adapted considerably to meet the grant criteria. For businesses, this often creates confusion and frustration when their ideas and engagement are sought but the outcomes do not reflect their recommendations.

Businesses perceive a lack of control, transparency and participation after the consultation process as cause for scepticism. Unless their participation and support lead to an outcome which deals directly with the issues that affect their businesses, why should they give up time, resources and money to engage?

Business Improvement Districts are, exactly as their title suggests, districts which are seeking to improve the trading environment for businesses. Their role is to identify and deliver projects that will improve trade and drive down business costs. The BID legislation requires BID partnerships to secure a mandate to deliver their plans through a democratic vote, thus ensuring that partnerships fully engage with the businesses in the area, identifying the issues businesses would like to see addressed that they would be willing to contribute towards resolving.

From a 'shopping list' of issues, a BID partnership will develop a small number of projects or services which would make a tangible difference to some of these issues. This forms a business proposal which is put to businesses to vote on. If the vote is successful, it becomes a legally binding document, and the projects must be delivered as outlined in the plan.

Businesses involvement in not only the development of the BID, but also the ongoing delivery and assessment is essential. Historically, businesses have often seen this type of activity as voluntary work or as part of their corporate social responsibility agenda. In addition, in most cases only a few businesses actually get actively involved in partnerships.

To be successful, the BID process requires a high level of engagement on a number of levels. Initially, it will be to garner ideas, then to develop realistic and relevant projects and services, then to gain support for the vote and, finally, to manage delivery and of course the financial implications

Clearly, the partnership will need to establish a breadth of engagement but, to secure a 'yes' vote, the partnership will also need to ensure that business issues, concerns and desires are channelled and used effectively, increasing the sophistication of management and delivery.

Most BID partnerships have established companies limited by guarantee as the delivery

organisation. Formal elections of BID Board Directors take place, with criteria relating to skills and sector representation. In many cases, the management of large budgets and contracts will mean that this cannot be treated as a 'bolt on' activity by directors and will require it to be an integral part of their working week.

Once voted for, the legal requirement to deliver the BID proposal will mean that organisations will have to have the necessary resources and structure to implement the projects. Thus the employment of the right staff and the consequent matters arising from this, such as employee rights, etc., will all need to be addressed. In addition, entering into longer-term contracts with service providers for extra cleansing or the provision of security staff, etc., all mean that a Board will have to be sufficiently skilled to deal with this. There are BID partnerships where paying Board Directors is actively being considered, as the calibre of people required, the budget to be managed and the time commitments requested are so great.

Improving the organisational set-up and the engagement of businesses, however, is just the foundation of the BID. The delivery of projects and services through the BID will bring a variety of tangible and intangible benefits.

With the development of BIDs still in its infancy, businesses have indicated that they want to see a focus on resolving current location-specific issues before time and resources are devoted to activities such as inward investment. Therefore, most business plans include projects around the themes of safety and security, cleanliness and the environment, marketing and promotion and events.

In addition to this, however, a number of locations have used the investment and profile that a BID brings to change the way in which they are viewed by developers and government agencies. The fact that more than 500 businesses may be willing to contribute £2.5m of funds to improve an area can have a significant influence on decisions being made elsewhere.

An example of this is the levering of growth development money from central government in Bedford. Having had a perception of Bedford 'as somewhere where nothing happens', a combination of a new directly elected mayor, town centre redevelopment plans and its place as the first small town to become a BID in the UK had a significant impact in turning this view around. Both the financial and people muscle of an organisation such as a BID can make it attractive for public agencies and developers to deal with both for strategic and operational issues.

Warwickshire County Council has a three-year strategic programme funded to the tune of £300,000 to assist the development of BIDs in its towns, industrial estates and business parks. Under the banner of the Warwickshire BID Programme it provides specific locations with funding to develop BIDs, a well-developed training schedule, specialist consultancy help and other ongoing support. It has already attracted matched funding of almost the same amount from public and private sectors for the programme. In addition to this, it has borne fruit by bringing in £5m over the next five years with the successful Rugby BID. If the programme rolls out as planned and other BID partnerships in the Warwickshire area such as Leamington, Stratford upon Avon and Hams Hall Business Park, are successful, it will

bring in over £15m in investment. Public agencies will appreciate this level of investment being put in by the business community and, consequently, may be more willing to be flexible on plans and policies.

Another operational example from Bedford BID is the use of town centre rangers (Bedford Bluecaps) and Police Community Safety Officers, paid for by the BID, which has reduced business crime by 70 per cent. This in turn has had a significant impact on police performance figures and also on the number of hours devoted by the police to processing offenders. This in turn means more police on the beat and the consequently positive publicity.

A developer may see a BID as a sign of confidence and also, more selfishly, as helping to protect and enhance the value of their assets. In a more collaborative approach, in some BID locations the partnership has put together a development brochure and approached investors for support.

At a smaller level, organisations such as the Bedford BID are also very active in providing financial support to attract certain types of businesses into the town centre. An example of this has been in supporting a £1m public sector investment in pedestrianisation by offering grants of up to £2,500 for quality independent restaurants and fashion shops. With the programme running for two years, Bedford has seen two new restaurants and four boutiques open. By delivering this scheme through the BID, much of the red tape governing this kind of assistance has been eradicated, encouraging more businesses to consider the options available.

Bedford BID also provides assistance for small businesses in terms of training, employment issues and financial and business planning. The BID targets those areas that are of more immediate concern to business, eg the provision of flyers, advert design services, Web design and license negotiations.

The use of central purchasing of services such as insurance and fuel and intra-estate trading are crucial elements, particularly in industrial estates and business parks where companies are of similar type, and consequently requirements are similar. On one estate considering a BID, the use of controlled access would have meant insurance premiums being reduced by 7 per cent.

Areas perhaps not regarded as core business concerns are increasingly being addressed. In Lancing Business Park, the BID aims to set up an estate-wide paper and card recycling scheme in which it would purchase bins for all the companies and pay the annual collection costs. In return, it would receive a substantial discount as well as goodwill from businesses who are coming under increasing pressure to address these matters. It would also reduce the administrative workload as well as having a greater impact owing to the number of businesses being involved.

This bottom-up approach ensures that local problems can be resolved with local solutions. It offers a genuine democracy where all who contribute benefit, and we know from the examples in North America that, in the longer term, businesses build on this practical base to engage in major projects, including significant inward investment activity.



So, if butcher, baker and candlestick maker are working together for a common purpose, self-funding and self-managing a partnership which delivers tangible results, surely this adds up to a self-reliant and proactive business community that can and will contribute to the much needed investment for towns and cities.

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