



power to  
**change**

business in  
community  
hands

# Community Improvement Districts A Discussion Paper

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## Introduction

The Power to Change report *Take Back the High Street*<sup>1</sup> set out the case for the greater involvement of communities in the oversight and revitalisation of their high streets. This view was reinforced by the 2020 Bill Grimsey report *Build Back Better*<sup>2</sup>, in which the transfer of power to the community was a key pillar. The High Streets Task Force has also launched since the Power to Change report was published and stresses the central role of the community in high street recovery. Our interest is in exploring how the ambition of a greater community role in high street recovery can be realised.

For example, Business Improvement Districts (BIDs) have proven successful in involving businesses in the development of local economies, addressing a previous influence gap – but there is no parallel system for residents to participate, other than via indirect means with their local councillor or planning system. This leaves those who have ideas about how to shape their places without a strong voice.

This paper aims therefore to explore the emerging concept of Community Improvement Districts (CIDs), defined as bodies which provide opportunities for community stakeholders to participate in operational and strategic decision-making for their neighbourhoods. This paper considers the various models, contexts and risk factors to inform discussion of CIDs.

The paper examines the context and history of the concept of community participation and CIDs, the policy landscape and the mechanisms that support participation. Terms are defined and the paper considers various potential models for CIDs using existing and new structures.

<sup>1</sup>[https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT\\_3619\\_High\\_Street\\_Pamphlet\\_FINAL\\_LR.pdf](https://www.powertochange.org.uk/wp-content/uploads/2019/09/PCT_3619_High_Street_Pamphlet_FINAL_LR.pdf)

<sup>2</sup> <http://www.vanishinghighstreet.com/wp-content/uploads/2020/06/Grimsey-Covid-19-Supplement-June-2020.pdf>

## Context

Although political devolution has gained pace in the last 20 years, the UK is still one of Europe's most centralised countries, with powers available to local authorities, regional mayors and devolved nations strictly limited. There are limits too on the extent to which communities can participate in the direct governance of their localities. The Town or Parish Council, created in 1894, and the Neighbourhood Forum, brought into existence through the Localism Act (2011) represent the lowest tiers of government, and have attracted both limited powers and local involvement.

Also, over the last 20 years, the decline in high street footfall and the rise in retail vacancy in town centres has accelerated, brought about by a range of factors, including the development of out of town shopping centres and the advent of online shopping. The 'clone town' phenomenon, which has reduced the variety and experience available to high street visitors, has reduced the vitality and viability of town centres, and although there have been positive steps to address these issues, many of these have failed to recognise the role of the community in reversing the decline.

In this time period there has been a reduction in civic participation, from 41% to 34%, with much lower levels among younger people.<sup>3</sup> In 2018, only a quarter of respondents to the Department of Digital, Culture, Media and Sport (DCMS) [Community Life Survey](#) definitely or tended to agree that they personally can influence decisions affecting their local area. It may be surmised that residents have been presented with no clear role in helping develop the places in which they live.

The statistics will likely show a dramatic uptick in these figures in 2020, as volunteering, civic participation and charitable giving increased during the Covid-19 pandemic, and governmental organisations are investigating how this civic involvement can be sustained in the longer term. For this reason, now may be an opportune time to develop the idea.

<sup>3</sup> DCMS Community Life Survey 2018-19  
<https://www.gov.uk/government/statistics/community-life-survey-2018-19>

## Structural shifts beyond the pandemic

The Covid 19 crisis saw unprecedented support for independently owned businesses, with many businesses delivering for free to those shielding during the pandemic, and many shoppers eschewing the supermarket in favour of their neighbourhood shop. This reinforced the strength of the neighbourhood level financial ecosystem, leading to local wealth retention.

However, in the longer term, structural changes brought about by the pandemic, Brexit, increasing social inequality and the climate emergency will lead to the transformation of our neighbourhoods, and the transitional period provides an opportunity to redesign governance at the hyperlocal level to better reflect the range of stakeholders that have an interest in their place.

All of these factors are leading to changing patterns of consumption, travel and living which offer an opportunity to reconsider how localised economies will work. The 15 Minute City<sup>4</sup>, an idea which has been gathering pace across Europe, seeks to reconfigure urban environments to serve all human needs – to work, to shop, to learn and to socialise – within a 15-minute walk or cycle ride. Proponents assert that such a redesign would make cities feel more like collections of towns and bring into being a more human scale appropriate for community participation.

Suburbs and small towns are also adjusting to a much larger daytime working population, as many office-based employers are signalling a longer-term transition to homeworking for at least part of the week. As the daytime neighbourhood demographic changes, so does the demand for services, co-working spaces, coffee shops and general improvements to the place, and those responsible for managing places are likely to find themselves responding to a radically different set of desires.

The representative organisations of residents and businesses have been collaborating in unprecedented ways to plan for recovery, rediscovering in the process the interdependence of residents, workers and visitors. Local government has also been a key part of this strengthened network, acting as information provider, local leader and enabler during the recovery phase.

This process has reinforced the need for a greater degree of connection between local businesses, residents, civic institutions and other stakeholders as desirable for social cohesion.

<sup>4</sup> <https://www.15minutecity.com/>



There is also an economic case to be made for bringing these elements of the community together. If town centre vacancy continues to rise, the revenue base for Business Improvement Districts will diminish, reducing resources for town centre improvements. Local authority funding has been cut over the past ten years and town halls are cutting back on non-core services such as economic development, environmental services and community support.

In the next section we consider existing local governance models in the context of community participation in town centre improvement.

### Governance at the neighbourhood level

To illustrate the current local governance landscape, Appendix 1 lists a range of local mechanisms which operate in the UK today. These structures have been created at different times to achieve different ends and have resulted in a governance patchwork that often fails communities who wish to participate in the development of their neighbourhoods. The system is labyrinthine and political; it excludes all but the most determined and time-rich resident, and often caters for single issue protestors rather than place champions and contributors.

A greater degree of collaboration with the range of stakeholders that are also invested in those places is now needed. Decisions about how funding is defrayed should be made according to a co-designed vision and the projects which result should have the support of the entire community. Agreement of core principles and local vision would encourage cohesive multi-stakeholder partnerships - where everyone understands the direction, the means to achieve it are less likely to be in dispute.



## Community Improvement Districts: a new approach?

Community Improvement Districts (CIDs) were suggested in 2011<sup>5</sup> by the London School of Economics' Prof. Tony Travers, who writes on London's local governance systems, but there has been little progress on developing the idea that local residents and community stakeholders should have more control in the direction of their local high streets and town centres.

CIDs, however defined, could provide a mechanism – from a loose set of guiding principles for local people to apply as they see fit, or a more structured and funded system – that will help stakeholders develop their place for the benefit of all. With a CID in place, management of the neighbourhood is stewarded by local stakeholders on an equal footing, recognising the interdependencies between them, creating strong local networks and extracting greater social, economic and environmental value for local benefit.

The involvement of the community in their neighbourhoods would have many positive impacts: increasing residents' sense of ownership and responsibility for the high street, strengthening the relationship between local supply and demand, and increasing opportunities for community owned start-ups. Wider dialogue would improve service delivery, create new markets for goods and services, and help build support for campaigns.

In 2019, the Ministry of Housing, Communities and Local Government Select Committee recommended that BIDs should be replaced with Community Improvement Districts, though it did not define them clearly:

*“We were attracted by the idea that BIDs should be replaced with community improvement districts but recognise that legislative changes might be needed to implement this. We encourage the Government to consider how this might be done and, in the interim, recommend the appointment of community representatives to BID panels in order to encourage a more balanced approach in their work.”<sup>6</sup>*

The Government's High Streets Task Force, created in 2020 and delivered by the Institute for Place Management seeks to develop more collaborative place partnerships, which recognise the local economic interdependencies between resident and business stakeholders.

The greater participation of communities in the high street broadly meets many of the Government's policy objectives, including the levelling up agenda, policies which support town centre and high street renewal, and Neighbourhood Planning.

<sup>5</sup> <https://www.londoncouncils.gov.uk/our-key-themes/leadership-devolution-and-democracy/leadership-and-equality/engaging-london>

<sup>6</sup> <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/1010/1010.pdf>

## How to define CIDs?

Community Improvement Districts remain undefined as bodies. Using the information in the previous sections, and an understanding of existing mechanisms for community participation, it is possible to provide a basic set of bounds for CIDs, as a launching point for the debate.

Community Improvement Districts are therefore defined in this paper as:

- 1) Non-political, democratic and inclusive
- 2) Concerned with the economic, social and environmental development of neighbourhoods
- 3) Open to residents, businesses and other local stakeholders
- 4) Designed to complement other local mechanisms where they exist
- 5) Non-profit distributing bodies

The term 'district' in this case refers to any place with an existing community and could include a town centre, high street, suburb, village or city district. However, it is likely that CIDs would be most effective when focusing on an economic centre, where businesses and residents can work together to determine the future aims.

Where democratic bodies (such as Town Councils) operate in an area with the same boundary as the CID, there would need to be a clear rationale for a CID delivering projects alongside it. This could be that the existing body has not been effective in setting the vision and delivering improvements, or that the CID and Council agree that the community-led body should lead on particular projects and the Council on others.





## Models

Several important factors need to be considered in developing an appropriate model for CIDs, including:

### **Rationale**

Understanding the policy goal. What does the CID aim to achieve?

### **How they would be established and funded**

Developing an appropriate legal process. Would they need to meet a certain threshold of support? Could any individual propose and progress a CID? Would they require a ballot as BIDs do? Can payment be made fair and would non-payers be enforced even if they could not afford to pay?

### **What powers they would have and what activity they would undertake**

Could they borrow or own property? Could they CPO? Would they be a statutory consultee on planning applications? Could they refuse licences or run services? Who would participate in delivery?

### **How they would be fairly constituted and structured**

To ensure transparency and enable scrutiny, to reduce inequality among constituent groups.

### **Pros and cons of model in relation to other options**

The section below summarises some specific suggested models and considers the above issues for each. The models suggested are:

- A. The CID as a resident-led organisation
- B. Community involvement in existing BIDs
- C. Jointly run organisations involving both residents and businesses
- D. Expansion of Neighbourhood Forum functions
- E. Formal funding for Town Teams

## A. The CID as resident-led neighbourhood organisation

### **Rationale**

A single governance model which provides resident communities with the powers to establish a neighbourhood group which involves council and business stakeholders only as necessary. This would be an appropriate model in neighbourhoods without a business community or where the priorities of the business community (or existing BID or local authority) do not align with residents.

The focus of the group would be on planning and delivering improvements to the neighbourhood, town centre or high street.

### **How it would be established and funded**

A set of guiding principles would provide the road map to establishing a group and this could take the form of an existing structure, such as town teams or neighbourhood forums, a loose group of volunteers or a more formal arrangement.

There are currently no barriers to the establishment of a Community Interest Company or similar structure which exists for the above purposes and this may be the simplest option for developing a body which can spend with limited liability to the directors, has clear responsibilities, such as an asset lock, and which has social aims. Such bodies would have no specific power to act on behalf of the community however and local authorities or town councils would have no duty to recognise them.

Legislation would be necessary in order to determine any formal relationship between CIDs and local authorities, e.g. if CIDs were to be recognised as statutory consultees in the planning process. This is also the case where any mandatory funding arrangement (such as a levy) is built in, as with BIDs. Any mandatory funding arrangement would need in addition to be agreed via a local referendum and the powers for a local authority to hold a ballot for this purpose would need to be written into law.

Funds could be raised to deliver the objectives of the CID in a range of ways, including:

- A mandatory levy on all council tax payers in the area (would require legislation).
- A voluntary annual ‘membership’ payment to the CID, or annual crowdfunding campaign.

- Local government ringfenced funding (neighbourhood plan areas retain 15-25% of all Community Infrastructure Levy (CIL) generated in the area as the ‘neighbourhood portion’. This is written into the Neighbourhood Planning Regulations, but local authorities could voluntarily enter into such an arrangement with communities).
- Grant funding.

### **What powers it would have and what activity it would undertake**

As with BIDs, CIDs if created as formal bodies through legislation would likely have legal duties rather than powers. CIDs would not have the powers of a local authority (e.g. to compulsorily purchase property, collect tax or run their own local referendum), but would need to operate in a transparent and accountable way as semi-public bodies, particularly if the funding they received came from the public purse or direct from the local taxpayer.

There would be no specific restriction on the activity the body could undertake to improve the area, so long as it was legal for them to do so. The CID would likely launch on the basis of a consultation period with the community which established the vision and objectives for the neighbourhood and proceed to deliver improvements once the requisite funding was raised.

### **How it would be fairly constituted and structured**

As a new model, there would be an opportunity to develop governance principles from scratch to ensure fairness and maximum participation. Although there would be the need for oversight and delivery personnel, the CID model would be aiming to encourage the participation of greater numbers of people.

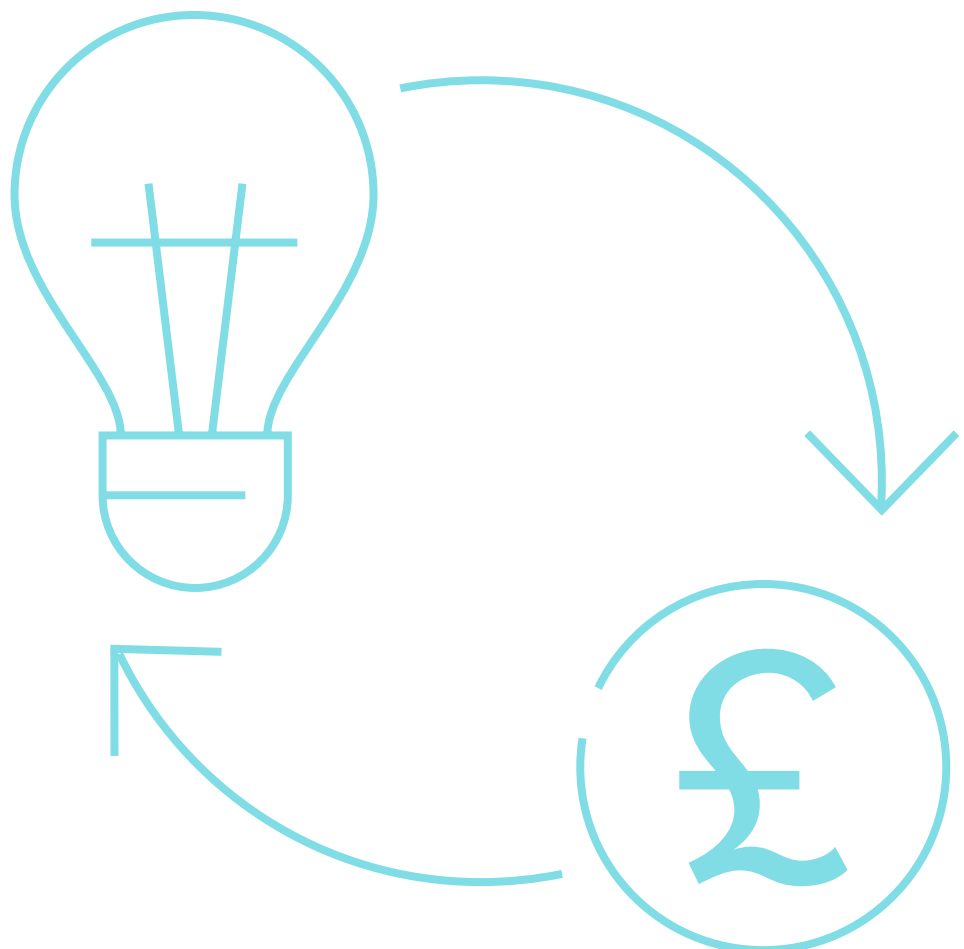
The establishment of citizens panels and direct democracy can be effective at the neighbourhood level and phone apps can enable much greater levels of community participation than were possible previously. This flat structure prevents the traditional hierarchies prevalent in local politics from taking hold and provides the convenience for greater numbers to become involved in their neighbourhood.

### Benefits

- Provides the resident community with a power base of its own, formally independent of local politics and business influence.
- Greater participation.
- The mechanism could be relatively simple to introduce. Local authorities have Council Tax raising powers and would be able to apply these in a geographical area should a ballot support it.

### Disadvantages

- Could be clashes where the new governance mechanism interacts with existing local governance mechanisms, particularly where there are existing BIDs, Parish Councils or Neighbourhood Forums.
- Dilution of the business voice. Residents already have a voice through ward councillors, but businesses are less well represented locally.
- Principle of additionality (where the extra money is ringfenced for services above and beyond those that the council normally provides) is more difficult to protect.



## B. Community involvement in existing BIDs

### **Rationale**

This model would be appropriate where the policy objective is to more closely align residents with the management and strategic direction setting for town and city centres currently undertaken by existing Business Improvement Districts.

The BID exists to carry out the wishes of its levy payers, and therefore the key focus of most BIDs is economic development. Therefore, it may be that the mechanism is not suitable where community objectives are more social in nature, but highly appropriate if the resident community intended to work with businesses to support high streets and town centres.

### **How it would be established and funded**

Involvement could range from representation on BID boards to full levy contribution and this would affect the changes needed to establish the mechanism. Many BIDs currently involve residents, ward councillors and other community stakeholders at board level or on sub-groups (often in a non-voting capacity), and a basic change to the company's Articles of Association would enable this where it does not already exist.

It is also the case that many BIDs include community representation among their levy payers, since universities, housing associations, charities and local authorities are all non-domestic rate payers. In this way, communities can contribute to the strategic direction of the BID.

If the intention was for residents to gain a greater involvement in the operation of the BID, a voluntary levy arrangement could be agreed by the board. A suitable contribution rate could be set, calculated based on the services that residents receive in return, and residents could pay this via an annual bill. Voluntary payment of the levy is usually for small businesses below the threshold to pay in return for BID services but it would be possible to widen this to include residents. However, many BIDs do not permit voluntary levy payers to participate in the board, and again a change to the Articles of Association would be needed to permit this.

Should residents seek to acquire a formal role in BIDs as a levy payer and company member with voting rights, changes to BID legislation would be required in Parliament, since the legislation currently only applies to non-domestic rate payers.

### **What powers it would have and what activity it would undertake**

The limited powers currently conferred on BIDs would be unlikely to change as a result of the greater inclusion of residents and other community stakeholders. However, if residents became voluntary or formal levy payers (via changes to the BID's Articles or legislation respectively), an assessment would need to be made as to the intentions of residents, how the resident levy would be spent, and whether there was any conflict between the desires of the business and resident communities that required a change in powers.

A structure of this nature would undertake projects which focused on bringing residents and businesses together, and could include:

- Crime and antisocial behaviour reduction in town centres
- High Street renewal and environmental improvements
- Customer loyalty and reward schemes
- Curation of vacant units for meanwhile uses
- Operation of street markets
- Planning and development issues
- Festivals and events

### **How it would be fairly constituted and structured**

There would be a need to ensure that the desires of the business community and the resident community were fairly represented and balanced via a sensitive mediation mechanism. This would be difficult to achieve, particularly in cases where businesses and residents' financial contributions were unequal. Some bodies that represent both businesses and residents overcome this issue by focusing only on delivering projects that were supported by both constituent groups, such as crime reduction, events, marketing, training and environmental improvements.

### Pros

- Greater democratic participation in high street vision and operation
- Recognises interconnectivity between different elements of the economy
- Scotland model is currently working well with voluntary contributions, if untested in the long term

### Cons

- Widening the opportunity for community organisations, anchors and residents to Pay the levy requires legislative change to implement
- Where residents contributed a mandatory levy, developing a way of calculating the resident levy so as to be equitable with the business levy would be particular challenge
- Dilution of mechanism which represents ‘business voice’
- Would likely be a continuing focus on economic issues rather than a broader remit which community may prefer



## C. Jointly run organisations involving both residents and businesses

### Rationale

A jointly run model which assumed equal standing between residents and businesses would be appropriate in places with no pre-existing group to champion the neighbourhood, or where any existing group is failing to deliver the desires of local stakeholders. The assumption is that the group is established from scratch and the process below is based on the effective BID model.

### Establishing the CID

- A neighbourhood body convenes to agree that an attempt will be made to establish a five-year CID. This body becomes the ‘CID proposer’.
- Following discussion, analysis, and broad consultation the following parameters are agreed:
  - Identifying the constituent groups that would take part in the ballot (e.g. residents and non-domestic rate payers).
  - What the neighbourhood priorities would be.
  - The CID boundary.
  - What rate the levy would be set at. Residents pay a multiplier based on their Council tax band and businesses pay a multiplier based on their rateable value. The levy is set at a level which is acceptable to the communities in question and includes a minimum threshold and maximum cap.
  - Who is exempt from paying the levy and why.
- The CID proposal is sent to all eligible voters and the campaign, run by the CID proposer, begins.
- A postal ballot is run by the local authority.
- If all constituent groups vote in favour of the CID it is introduced for a five year term. In all other cases, the attempt fails and the CID is not introduced.
- If the CID is successful at ballot a mandatory levy is applied to all voters (regardless of how they voted). The local authority sends a bill to all and this is paid to the CID company.
- The CID company is established with a board constituted from a range of non-party political constituency representatives.
- The board employs staff to deliver the projects as set out in the BID proposal, overseeing their work and reporting progress back to the community.



### How it would be fairly constituted and structured

An even-handed approach to the desires of businesses and residents would be required and decisions taken on the basis of a clear set of principles established at the outset and agreed by all participants. The United Nations' Sustainable Development Goals are an appropriate starting point for this.

The decision-making body – the board or committee – would take the role of 'village elders', making decisions on the basis of the harm or good done to the system as a whole rather than the individual.

### Benefits

- Provides an opportunity to design from scratch a set of governing principles which can be agreed by all
- Could benefit smaller places that would not run viably as BIDs, by joining economic power of residents with smaller retail/office/industrial centres.
- Could assume important local roles (e.g. planning consultee or service provider) at the behest of the local authority.

### Disadvantages

- Potential conflict with local political structures at ward level.
- Could still be disagreement between business and resident groupings.



## D. Expansion of Neighbourhood Forum functions

### **Rationale**

Hundreds of communities have written neighbourhood plans, statutory documents which support the Council's Local Plan for development. In neighbourhoods for which planning is one of the key concerns, this mechanism may be a viable one to launch and fund a Community Improvement District, since the process of developing the plan involves bringing the community together and establishing general priorities and vision for the next ten to fifteen years.

### **How it would be established and funded**

Neighbourhood Forums can be established relatively quickly through the local authority, which must consult on local plans to introduce them. There are grants available to neighbourhood forums at all stages of plan development, to help fund activities which build community participation in the plan making process.

Although neighbourhood planning legislation is not specifically designed to allow forums to function as ongoing operational bodies, the planning process can act as a springboard for longer term cohesion. It tends to involve businesses as well as residents, but neighbourhood forums must be designated as 'business-led' if businesses are to have a vote in the referendum on the plan's adoption.

Neighbourhood Forums exist for five-year periods and can be renewed in perpetuity on application to the planning authority, even once the plan is adopted. Many chose to continue, acting as custodians of the plan in the longer term.

Other than the early grants, Neighbourhood Forums receive no ongoing funding. Neighbourhood Forums in parished areas (essentially the Parish Council) receive 25% of the CIL generated in the area, acting as an incentive for accepting development. In non-parished areas, the local authority retains all CIL but has occasionally passed the neighbourhood portion directly to the neighbourhood forum to deliver on their priorities.

### **What powers it would have and what activity it would undertake**

Neighbourhood Forums have no specific powers, other than to write a neighbourhood plan. The activity of these bodies, while planning-orientated can be much more general and the process can encourage an important dialogue between residents and other stakeholders about the long-term priorities for the neighbourhood. Activities can include consultation events, social events, design review panels, local history walks, local environmental condition reporting, data collection and analysis, planning committee work and visioning.

### **How it would be fairly constituted and structured**

Template constitution documents for neighbourhood forums are available from a range of sources, including Locality<sup>7</sup>, in addition to a comprehensive roadmap for those considering establishing a neighbourhood forum.

### **Benefits**

- Alternative form of financing which would not require taxation-style mechanism. In this case, resident and business communities could work together to define the vision and use CIL to fund it.
- Involves only those that wish to take part rather than compelling them to do so.

### **Disadvantages**

- Could still be disagreement between business and resident groupings.
- May be viewed as too planning focused and would need to coalesce around a neighbourhood plan, which is lengthy process. Requires some technical planning knowledge.

<sup>7</sup> <https://neighbourhoodplanning.org/toolkits-and-guidance/establish-neighbourhood-planning-forum/>

## E. Formal funding for Town Teams

### Rationale

Town Teams are existing groups which were established following a recommendation from the Portas Review of high streets in 2011. Although no longer formally supported by MHCLG or any professional body many still operate successfully, and new Town Teams continue to be established. They are non-political, non-governmental groups inclusive of multiple stakeholders and usually focused on high street and town centre development. This structure could be appropriate in places that aim to coalesce a vision for their town centre or high street.

### How it would be established and funded

There is no ongoing formal support for establishing a town team and these bodies do not have any specific status, other than where local authorities (e.g. Sutton and Barnet) support them. An archived MHCLG document<sup>8</sup> sets out the rationale for Town Teams and the Portas Pilots and there are further resources on the Town Team Movement website<sup>9</sup>, which covers Australia and New Zealand.

Where there is no specific support for the establishment of Town Teams from the Local Authority, there is also no barrier to setting one up and beginning to gather views and long-term aspirations for the town centre. The main challenge is funding. This mechanism is unfunded and would likely rely initially on a combination of crowdfunding, voluntary contributions and unpaid work. With a clear plan however, it may be possible to attract grant funding to deliver larger projects if the Town Team met the funding criteria or was able to partner with a body that did.



<sup>8</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/529356/town\\_teams\\_support\\_prospectus\\_archived.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/529356/town_teams_support_prospectus_archived.pdf)

<sup>9</sup> <https://www.townteammovement.com/>

### **What powers it would have and what activity it would undertake**

Town Teams have no specific powers or duties. The activity the Town Team would undertake would likely follow a basic roadmap<sup>10</sup>, involving:

- Identifying local champions
- Establishing the boundaries of the town centre
- Developing the long-term vision for the town centre through engagement with stakeholders
- Create an action plan
- Develop networks of partners
- Begin to deliver, starting with ‘quick wins’
- Rolling review and evaluation

There is no prescribed path however, and the Town Team can focus on single issues rather than a broader vision should it wish to do so. The group could also rename itself a Community Improvement District since there is no longer a formal definition of either body.

### **How it would be fairly constituted and structured**

There are a number of successful Town Teams in operation and a review of existing structures and constitutions would inform the process. As with all other models, representation should reflect the demographic, commercial, residential and geographical spread in the defined area and all views should be taken into account in both the executive, which would take day-to-day decisions, and in the engagement process, when setting the objectives of the team. It is essential for instance that effort is made to involve younger people in discussions about the future of their place.

### **Benefits**

- Pre-existing concept with no barriers to establishing quickly.
- Resources and support from other Town Teams (though no formal network).
- Tried and tested process with demonstrable impact.

### **Disadvantages**

- Town centre centric – would not be an effective model for making improvements to centres with no economic activity.
- Unfunded and therefore likely to focus on programmes with limited impact.

<sup>10</sup> <https://www.townteammovement.com/wp-content/uploads/2019/12/How-To-Set-Up-a-Town-Team-v3.pdf>

## Conclusion and next steps

The above models demonstrate that there are a number of existing models and approaches that can be adapted to suit the needs of a CID as defined. Alternatively it is possible to establish a new model. Given that every place is different, it is likely that a combination of the above approaches would be the most effective way of enabling communities to participate in the improvement of their places, given the existing range of mechanisms that exist.

This paper is intended to start a conversation with national bodies with an interest in town centres and high streets at a time in which new models must be considered. The suggestions in the paper are early stage and must be developed in partnership with others and in alignment with the work of the Centre for London to pilot models in a real-world setting.

## Appendix: Overview of current neighbourhood governance

### Governance mechanisms at neighbourhood level

There are a number of existing governance mechanisms at neighbourhood level which either currently engage resident communities in local economic matters or can be adapted to do so. A summary of each is below.

#### 1) Business Improvement Districts

Business Improvement Districts were introduced in 1994 in the UK after the successful Circle Initiative pilot in London. Drawing on a model developed first in Canada in the 1970s, but which rapidly spread across North America, BIDs are private, non-profit companies formed via a ballot of non-domestic rate payers (i.e. any organisation that pays business rates, including office occupiers, retailers and public bodies) within a defined area.

A successful ballot results in a compulsory levy being introduced for all qualifying businesses within the area, in the UK for a fixed period of five years, after which time a renewal ballot is required. Levies are usually between one and two per cent of the businesses rateable value.

The BID ringfences the levy funds to deliver programmes aimed at improving the local economy, set out in the BID's business plan, which forms the basis of the ballot campaign and which is developed following initial consultation with the businesses in the area. The BID board is constituted from members of the business community, and sometimes other representatives including the local authority, resident groups and other stakeholders.

Activity can include public events, local environmental improvements, marketing and promotion and security, but as BIDs have matured, many are delivering more strategic projects, including neighbourhood planning, job brokerage and training, the operation of local transport networks, inward investment programmes and infrastructure. There are around 320 BIDs in the UK.

#### 2) Scottish Community Improvement Districts

The Scottish Government provides seed-corn funding to the Scottish Towns Partnership to establish mechanisms that are termed Community Improvement Districts. Since there is no legislation to compel citizens to make financial contributions, currently social anchor organisations contribute alongside corporates and public funding.

The model itself is therefore like the more community-orientated among the BIDs in England, many of which collect a voluntary payment from residents' groups and social anchor organisations. There is however a well-articulated commitment towards the development of a 'whole place' solution which meets the needs of all stakeholders, and the focus is on building social as well as economic value. North Glasgow is the most developed pilot, but a number of SCIDs exist in both deprived and more wealthy towns.

### **3) Town and Parish Councils**

Unlike BIDs, Parish Councils are linked to wider political structures above them including District and County Councils and Parish Councillors are elected officials. There are 80,000 Parish Councillors in the UK representing a quarter of the British population. Parish Councils, which can also be known as Town Councils, Village Councils etc have tax raising powers for a limited range of purposes, such as the provision of allotments or markets and the maintenance of cemeteries. They are very often the centre of community life in Britain's towns and villages, organising festivals, consulting on planning applications and coordinating volunteers.

### **4) Neighbourhood Forums**

Created under the Localism Act (2011), Neighbourhood Forums are formed either under the auspices of existing Parish Councils or, where no Parish Council exists – usually in urban areas – independently of the political system. Neighbourhood Forums have powers to write neighbourhood plans, which set out the aspirations of the community in the planning context. However, in many places, Neighbourhood Forums have developed to fulfil more involved local governance roles.

Neighbourhood Forums can include businesses as well as residents among their members, but unless the forum is declared 'business-led', businesses do not have a vote in the public ballot which ratifies the neighbourhood plan and formalises it's legal status as part of the local authority's development plan.

Neighbourhood Forums and Parish Councils outside London receive 15% of the Community Infrastructure Levy which is generated through development in the defined Neighbourhood Plan area. This funding is used to make improvements in the area, and such improvements can include in principle the development of community owned businesses.

Other powers created under the Act include the Community Right to Buy, by which communities can name 'Assets of Community Value', whether privately or publicly owned. Where that asset is put up for sale, the community has six months to raise the funding to buy it, although the owner is under no obligation in England to accept the offer. The community has first refusal in Scotland, conversely.



### **5) Neighbourhood Councils**

Though lacking any formal powers, the larger city equivalent of the Town Council is the Neighbourhood or Community Council, which is created by the borough to provide more localised consultation and scrutiny, as well as a budget that can be nominated for community projects. These are less established mechanisms, subject to regular revision. Liberal Democrat controlled Southwark Council for instance introduced eight Community Councils in 2003, which were reduced to five when Labour won control in 2012, reorganised again in 2019 to 23 Ward meetings.

### **6) Community Land Trusts**

Although also without formal powers, Community Land Trusts are committed place-based organisations which exist to steward housing, civic buildings, retail, land and other assets on behalf of the community. In placing these assets under joint community ownership, these bodies are usually focused on keeping prices low to protect affordability for the community, and curate the offer according to local need.

### **7) Town Teams**

Brought in via a recommendation in the Portas Review in 2011, Town Teams were funded initially by the (then) Department of Communities and Local Government. Town Teams are voluntary bodies of residents, traders and local government representatives established to promote the economic, social and environmental wellbeing of the neighbourhood. There is no formal route for ongoing revenue funding and no formal support or umbrella body for town teams. However, many remain active and new Town Teams are being established, including Crystal Palace in 2020. The Portas Review was very influential in shaping policy in New Zealand, where the Town Teams concept is now central to neighbourhood level regeneration.

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