

# Bidding for BIDs

Business Improvement Districts as new form  
of industrial estate management in the  
West-Achterhoek?



**Astrid Benders BSc**

**Master Urban and Regional Planning  
Utrecht University  
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**Supervisor: Prof. Dr. Ir. Luuk Boelens, Utrecht University**



## Preface

This master thesis is written as the final product of the Master Urban and Regional Planning at Utrecht University. At the beginning of the academic year I got the chance to participate in a project, partially initiated by the Ministry of Housing, Spatial Planning and the Environment. Part of the project was a month of research in the United Kingdom, Birmingham.

The entire process of this research was one of many interviews, organizing a program for the Dutch experts in the UK and a lot of presentations. It was definitely a good experience and I have learned a lot from all the 'actors' involved.

First I would like to thank all key actors I was able to interview for this research both in the UK and the Netherlands. Thanks to Harald Bus and Rikus Wolbers for their help and input from the West-Achterhoek perspective and Anke Meuffels and Gé Wagemakers for their contribution to many discussions. I hope you also still recall the amazing week we had.

And of course Beitske Boonstra for the time she spent with me in Birmingham and all students and experts in the other regions of the United Kingdom for the valuable week(s)!

A special thanks goes out to professor Luuk Boelens, who guided me through the whole process. Thank you for your knowledge and guidance both in the United Kingdom and the Netherlands.



## Executive summary

Het algemene doel van deze thesis is het onderzoeken van de toepasbaarheid van het Business Improvement District (BID) concept in de West-Achterhoek. Een cruciaal onderdeel daarbij is de verkenning van de rol van een BID als facilitator van zelforganisatie.

Een BID is een van oorsprong Canadees concept dat gezien wordt als een aanvulling en versterking van ondernemers initiatieven. Een BID wordt opgericht wanneer een meerderheid van de bedrijven in een bepaald afgebakend gebied voor de oprichting hebben gestemd en vervolgens kan er onder alle ondernemers in dat gebied belasting worden geheven. Deze belasting is additioneel aan nationale belastingen en kan dus ook alleen supplementair aan de gebruikelijke overheidsdiensten worden besteed. In Nederland is sinds 2009 een experimentwet Bedrijfs Investeringszone (BIZ) in werking getreden die de oprichting van de Nederlandse variant van een BID mogelijk maakt.

Een drietal case studies in het Verenigd Koninkrijk laten zien dat BID regelgeving een kader schept waarbinnen het eenvoudig wordt heldere afspraken te maken tussen de ondernemers op een bedrijventerrein en andere betrokken partijen. Dit kader is ook de basis voor goede samenwerking tussen ondernemers en gemeenten. De organisatiestructuur en de keuze van activiteiten (onderhoud, beveiliging en collectieve inkoop van goederen) van de BID worden door de BID zelf bepaald. Het bedrijfsleven bepaalt dus gezamenlijk de verbeteringen die zij ten aanzien van de kwaliteit van het terrein willen aanbrengen. De stemmingsvoorwaarden die verbonden zijn aan de BID dienen democratie te waarborgen.

In de West-Achterhoek worden in het kader van regionale samenwerking twee nieuwe bedrijventerreinen opgericht en meerdere terreinen gerevitaliseerd. Om de kwaliteit van zowel de nieuwe als de gerevitaliseerde bedrijventerreinen te behouden wordt er parkmanagement gevestigd op de terreinen. Parkmanagement

heeft als uitgangspunt een vrijwillige deelname. Uit twee case studies in de West-Achterhoek blijkt dat het grote nadeel daarvan is dat er sprake is van freeriders en dat jaarlijkse inkomsten niet gegarandeerd zijn. Ook bied park management geen wettelijk kader waarbinnen afspraken met andere partijen gemaakt worden.

Voor de toekomst wordt voorzien dat in de West-Achterhoek de behoefte naar het wettelijke kader dat een BID biedt zal toenemen. Een BIZ, in het Nederlandse geval, zorgt er namelijk voor dat de gemeente wettelijk participeert als BIZ belastingheffer en de BIZ ook zal beschouwen als formele gesprekspartner in (ruimtelijke) ontwikkelingen.

De West-Achterhoekse gemeenten zeggen veel waarde te hechten aan een vorm van bedrijventerrein management ter bevordering van de zelforganisatie van ondernemers. Zij willen dat ondernemers verantwoordelijk worden voor hun eigen bedrijventerrein en dat ze zich meer geïmmiteerd voelen met hun omgeving en hun burens. Het is dus aan gemeentes op zich op te stellen als facilitator van parkmanagement, welke in verloop van tijd over zal gaan in een BIZ. Dit doen zij door de volgende strategie:

- Parkmanagement te blijven faciliteren vanuit het oogpunt dat er zelforganisatie en support ontstaat onder ondernemers.
- Parkmanagement zien als een opstap naar een BIZ. Voldoende support gegenereerd onder parkmanagement is nodig om de stemmingsvoorwaarden te halen.
- De huidige regionale samenwerking en het bijbehorende netwerk uit te breiden voor een regionale koepelorganisatie die toeziet op de monitoring van parkmanagement/BIZ.
- Zelf te committeren aan de nieuwe rol van facilitator en langzaam aan steeds meer taken door de BIZ te laten overnemen. Voorbeeld hiervan is bijvoorbeeld het vestigingsbeleid van een bedrijventerrein.

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# Chapter 1: Introduction

## 1.1 Introduction

Several motivations underlie this thesis. First of all, in the Netherlands, the 'uglification' of the landscape is a frequently heard complaint. The main reason for this is the development of new industrial estates and business parks in rural areas. Already there are many industrial estates in the Netherlands and many municipalities are still eager to issue land for the development of new sites. The question however, is if there actually is a necessity for the development of those new business sites.

On the other hand uglification is also due to the aging and impoverishment of existing industrial estates and business parks. The prevailing image of the Dutch business sites shows that the quality of existing site is below standard and that the restructuring of those aged sites is still not really happening, partly because of finances. Furthermore, the common thought is that the quick issue of land by municipalities causes accelerated aging and impoverishment of existing business sites. The Vrom-raad noted in 2006, that this current planning method is causing the problems at industrial estates.

Industrial estates fulfill an important function in offering space for economic activity. Through the development of new industrial estates, municipalities try to stimulate the local economy and employment. The development of new industrial estates and attracting new businesses is the main focus of municipalities to maintain economic performance.

However, according to several Dutch governmental policy documents, the growing demand for industrial estates will subside until the year 2020. From 2020 onwards the demand will even start to decline (CPB, 2005). As a consequence the economic performance of a region might be under pressure. Municipalities

therefore are in competition over the development of business sites to maintain their economic performance.

The Dutch state government and the provinces will supervise the balance between new and existing industrial estates. They want to maintain the existing industrial estates and counter the development of new industrial estates. Due to this policy goal the competition between municipalities to realize new industrial estates becomes fiercer. To partly overcome this competition, the state government is looking into the idea of the regional cooperation between municipalities.

Economic performance and future perspective however are not only based on attracting new businesses towards new industrial estates (Olden, 2010). Economic performance is also the consequence of good facilitation of already established businesses. As such, there is an important role for businesses on existing industrial estates, since they are already further in their lifecycle and have proven their economic performance. Policy should be aimed at better facilitating businesses at existing industrial sites, focusing on maintenance and management on these estates. This facilitation can be found in new forms of industrial estates management.

This rather novel approach focuses more on how industrial estates are managed and organized. However, the physical surroundings of the industrial estate are equally important because they influence the way the estate is perceived.

### **1.1.2 Beautiful Netherlands**

One of the policy aims of the Balkenende IV government was to create a sustainable business environment with future prospective. When, in 2007, Jacqueline Cramer was installed as the minister of Housing, Spatial Planning and the Environment (VROM), one of her goals was to make the Netherlands more 'beautiful'. This resulted, in collaboration with the Ministry of Economic Affairs (EZ) and the Ministry of Agriculture, Nature and Food Quality (LNV), in the 'Beautiful Netherlands (In Dutch: Mooi Nederland) program. The program embodies an innovation program, several pilot projects and a National Restructuring Fund for making the Netherlands more beautiful (VROM, 2009). The main focus of the Beautiful Netherlands program is to prevent further aging and impoverishment of the (urban) landscape. To stimulate proper use of space and regeneration, the aim is to deal with failures of previous planning policies.

As a part of the aforementioned policy, the ministries VROM and EZ, have set up the 'Taskforce (re)development industrial estates' led by mr. Noordanus. It was

set up to find solutions for the proliferation of new industrial estates and the pauperization of existing industrial estates. The Taskforce noted that the problems lay in the accelerated aging of industrial estates, inefficient use of space, uglification as well as existing industrial estates being unsafe. At the same time the taskforce identified an oversupply of green fields leading to the abandoning of brown fields and thus unnecessary use of space.

The commission endorses one of the core issues for solving these problems to be the weak spatial management at the regional scale. Both with regard to programming as well as implementation of industrial estate policy one is in need of better planning processes. As a consequence of this lack of regional coordination there is a quantitatively and qualitatively insufficient coordinated offer of estates.

In the report 'Kansen voor Kwaliteit, een ontwikkelingsstrategie voor bedrijventerreinen' (THB, 2009), the Taskforce has set out approaches for dealing with the issues mentioned above. One approach is the focus on the region. Benefits can be derived from regional cooperation considering the higher scale and the financial and risk spread during development. Stricter spatial planning and equalization of green- and brown fields and regional cooperation between municipalities is necessary.

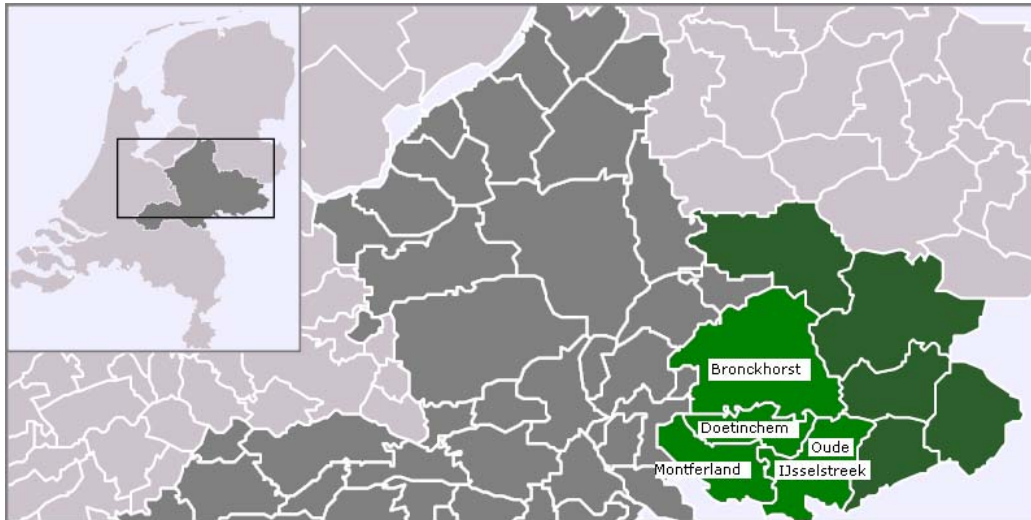
One of the pilot projects, considering the redevelopment of industrial estates is the West-Achterhoek (VROM, 2009). The West-Achterhoek is concerned with the approach of the commission Noordanus to start up both regional coordination and cooperation. In the following paragraphs further elaboration on the West-Achterhoek will take place.

## **1.2 The West-Achterhoek**

The Achterhoek is an area in the very east of the Netherlands, in the province of Gelderland (Fig. 1.1). The area lies between the important cities Arnhem - Nijmegen, Apeldoorn - Deventer - Zutphen and Almelo - Hengelo - Enschede. The Achterhoek borders in the south and east with Germany. At the same time, the area is close to the Ruhr area which is one of the most important economic regions of Europe. The West-Achterhoek is the western region of the Achterhoek and consists of the municipalities Montferland, Oude IJsselstreek, Bronckhorst and Doetichem as the largest municipality with 56.111 inhabitants (CBS, 2010).

Physical surrounding, actors and institutions are historically grown. Therefore the way the West-Achterhoek has developed is historically determined. As a consequence, before giving an analysis of the current situation, a historical overview is needed.

**Figure 1.1 The (West-)Achterhoek**



Source: Wikipedia (2010), modified by the author

### 1.2.1 Historical overview

The Achterhoek has been a remote and barren part of the Netherlands in the past. The foremost connection of the Achterhoek with the rest of the Netherlands was by water, over the river the Oude IJssel. The Oude-IJssel is an affluent of the river IJssel. Between 1943 and 1963 the Oude IJssel was made suitable for navigation. Nowadays, the Oude IJssel is still one of the prime ways of transportation, mainly used for transfer and cargo by boat.

During the mid-nineteenth century, paved roads were build, which increased the accessibility of the Achterhoek and boosted regional transport. Naturally, these roads are still an important access way for the Achterhoek and function as a connection between the Achterhoek and the rest of the Netherlands. As a result of the expansion of both the rail and road-system, and accessibility by water, the Achterhoek was able to develop steadily.

This disclosure of the region made it possible for several economic sectors to flourish. The type of sector and the type of business would vary between the different villages. An example is the village of Gaanderen. The village had natural resources available for metal production; ironstone, charcoal and streams for waterpower (Brascamp Veiligheids Advies, 2009). Ever since 1689, steel and iron

industry was present in the area. In Uift, a nearby village, the firm DRU (Diepenbrock Reigers Uift) has developed cast iron from 1754 until 2004, when it left the area. However a vast amount of steel and iron industry is still present in the Achterhoek. Some examples are Ferro Techniek BV in Gaanderen and Intermecco BV and Technoflon Coating Systems BV both in Doetinchem.

Another important sector in the history of the Achterhoek was the textile industry. At the origin, the production of textile was done at home, but this gradually changed into production at company locations. While other regions of the Netherlands, such as Brabant, development in wool textiles, the Achterhoek developed in cotton textiles (Stichting VHV, 2009). Around the 1850s only a hand full of families dominated the textile industry in the Achterhoek. One of those families, the Willink family, invested in the rail system in the region for the sake of more efficient transportation (Wissen, 2009). This resulted in the founding of the GOLLS (Geldersch-Overijsselsche Lokaalspoorweg-Maatschappij) which blossomed to be the largest railway company in the area. The main goal of the GOLLS was to improve the transportation of thread and yarn, cloth and German coal (Glanerbrug, 2009).

The textile industry has had its heyday in the Netherlands up till 1975. The decline of the textile industry had multiple causes, such as a shortcoming of cheap personnel and the decrease of demand (Hiemstra-Kuperus, 2004). Other causes are the foreign competition, the low wages in developing countries and the disappearing of trade barriers due to the establishment of the EEG (Cultuurwijs, 2009). Despite the almost complete disappearance of the textile industry in the Achterhoek it has had great implications on the spatial development of the region. It has been the driving force for accessibility and transportation.

Another important sector in the Achterhoek is agriculture. In course of time, agricultural workers have cultivated the land for agricultural purpose. This development has characterized the area as nowadays still 77% of the land is being used for agricultural purpose (grassland and corn), compared to 55% average of the total of the Netherlands (Stafgroep Economisch Onderzoek Rabobank, 2002).

The structure of the division of sectors in recent decades has shifted throughout the Netherlands towards the service sector. More work is being outsourced resulting in a growing service sector. The structure of the West-Achterhoek, however, differs slightly from the national structure (KVK, 2008). The service sector is significantly under represented in the West-Achterhoek. Unlike the industrial and transportation sector that are slightly over represented (KVK,

2008). Consequently the West-Achterhoek houses many industrial businesses and has a focus on the distribution sector.

### 1.2.2 Current situation; regional cooperation

As mentioned in paragraph 1.1 there is competition between municipalities over the development of new industrial estates and attracting businesses. This is also the case in the West-Achterhoek. To prevent this competition, the aforementioned taskforce (THB, 2009) proposes regional fine-tuning of industrial estate planning for maintaining economic performance and future prospective. The municipalities of the West-Achterhoek (Doetinchem, Montferland, Oude IJsselstreek and Brockhorst) have acknowledged this idea in their industrial estate planning strategy. The collaboration links the new development of industrial estates to restructuring of existing estates.

In the coming years the municipalities will together develop a 'regional industrial estate' (RBT) and a 'euregional industrial estate' (EBT). The RBT will be developed for a variety of firms; the EBT will be developed solely for transportation and distribution companies active in Europe (Gemeente Doetinchem, 2009). The RBT will be realized first and the developments are in full swing. The status of the EBT is just as far as a location has been chosen.

Figure 1.2 Positions of the RBT (1) and EBT (2)



Source: Regio Achterhoek (2009), modified by the author



This separation of sectors between the RBT and EBT is based on the principle of avoiding competition between estates within the municipalities. The RBT allows for joint regional activities and the resettling of companies that no longer fit in residential areas. Also the RBT will include a program to relocate traditional firms already located in the region, which are in need of better spatial conditions in order to expand (Gemeente Doetinchem, 2009).

The current status of the RBT is that all land has been bought. The preparatory land-use plan is approved and negotiations with businesses are taking place.

The old existing estates are connected to the development of the RBT and EBT. It is expected when firms relocate at the RBT, the existing industrial estate they left can be redeveloped for another functions such as housing or is open to restructuring. Therefore, the attractiveness of the RBT actually helps the region to redevelop or restructure their existing aged industrial estates. The premise of the RBT is that for every one hectare that is being newly developed, existing two acres must be restructured. This should lead to a more intensive use of space and preventing (further) degradation of the existing industrial estates (Gemeente Doetinchem, 2009).

In order to develop the RBT and EBT and to restructure and redevelop the existing industrial estates, the municipalities of the West-Acherhoek have drafted:

- A cooperation agreement or samenwerkingsovereenkomst in Dutch (SOK), responsible for the development of the RBT and EBT and restructuring of existing industrial estates.
- A redevelopment, revitalisation and transformation fund or herstructurerings-, revitaliserings- en transformatiefonds in Dutch (HRT-fonds), which financially regulates the revenues from new developments (RBT and EBT) and the expenditure for the existing estates.

### **1.2.3 The cooperation agreement**

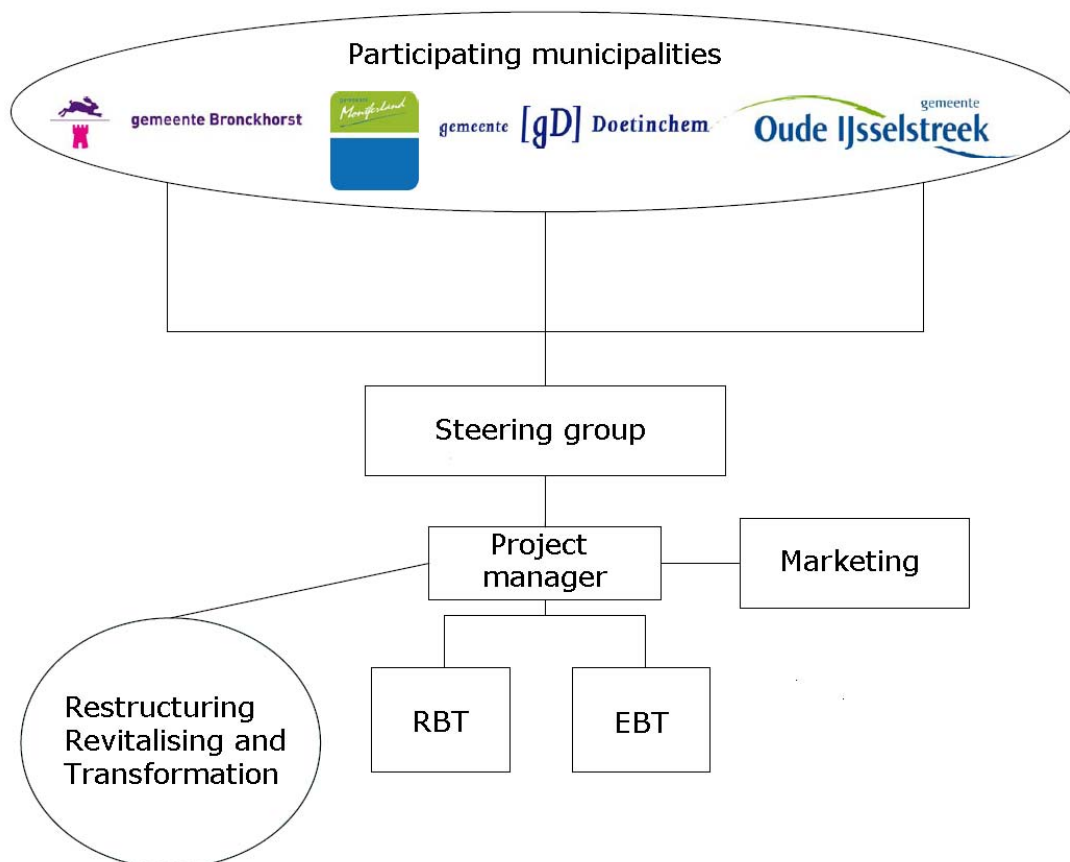
In the cooperation agreement between the municipalities, the development of the regional and euregional industrial estates as well as the redevelopment and transformation of existing industrial estates come together. The reason for developing a regional industrial estate on one hand is to extend the amount of industrial area within the municipality of Doetinchem. On the other hand there is a need for the redevelopment of industrial estates within Doetinchem and the surrounding municipalities. The euregional industrial will be developed to cope with the expansion needs of the logistical sector (Doetinchem et al, 2008).

The municipalities have set out some objectives for the regional cooperation (Doetinchem et al, 2008);

- Counter fragmentation and uglification of the landscape
- Secure employment for the region
- Realize a regional varied range of industrial estates
- Proper business on the right place
- Optimizing the environment
- No downward competition on price or quality
- Compensation by combining old and new

Of the four municipalities, aldermen with an economic portfolio form a steering committee (Interview H. Bus & R. Wolbers). Beneath the steering committee a project manager stands, which task is to coordinate the marketing strategy of the RBT and EBT and to coordinate the revitalisation of the older estates within each municipality. Figure 1.3 visualizes the affiliation between the municipalities

**Figure 1.3 Regional cooperation agreement West-Achterhoek**



Source: Doetinchem (2009), modified by the author

#### 1.2.4 Financial equalization

Within the cooperation agreement a concept of equalization is included (Interview H. Bus & R. Wolbers). This initial concept of equalization is modeled into a fund; the redevelopment, revitalising and transformation-fund (HRT-fonds). The profit of the realization of the regional a euregional industrial estate is deposited in the fund. By using a distribution key, the monetary profits are distributed over the four municipalities (Interview H. Bus & R. Wolbers). All the municipalities are risk bearers in the cooperation. The distribution key distinguishes the amount of risk per municipality;

- Doetinchem            35%
- Montferland           25%
- Oude IJsselstreek    20%
- Bronckhorst           20%

Each municipality is entitled to a contribution from the fund to redevelop existing industrial estates or transforming existing industrial estates into a residential function in their own municipality (Interview H. Bus & R. Wolbers). This contribution corresponds to the risk that each of the municipalities accounts for in the development of the two regional industrial estates. The starting point is that the RBT and EBT will be developed minimum close to zero because negative numbers in the development may not be recovered from the HRT fund. As stated before the cooperation will also be sought to coordinate land prices within the participating municipalities to avoid competition.

Within the Beautiful Netherlands program, the National Restructuring Fund can be used to subsidies initiatives to restructure existing industrial estates. Because of the set-up of the regional cooperation, the West-Achterhoek will get a share of this fund. This concept of equalization has also caused the Province of Gelderland to deposit subsidy in the fund. The subsidy policy of the Province was directed at redevelopment and transforming existing industrial estates, and specifically not at realizing new industrial estates in the area. Furthermore the policy of the Province aimed at promoting inter-municipal cooperation. Due to the design of the fund, the Province was willing to participate by contributing a total of €10 million to the restructuring of industrial estates in the municipalities. The €10 million will be divided between the municipalities based on the percentage of risk in the development of the EBT and RBT. Figure 5.2 shows the method of equalization used.

Figure 1.4 Financial equalization

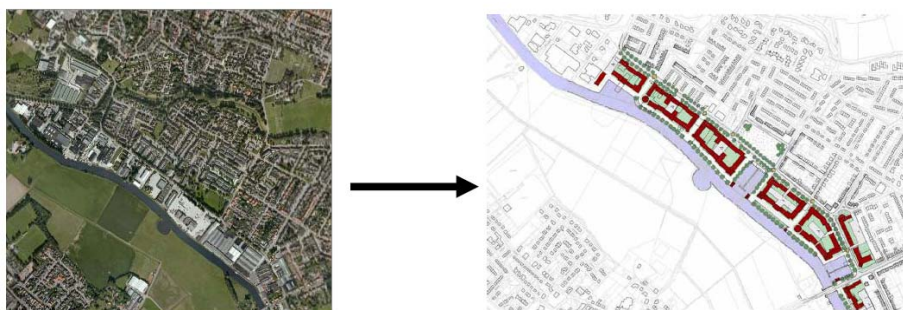


Source: Doetinchem (2009), modified by the author

The municipality of Oude IJsselstreek will use the fund for the transformation of the industrial estate Akkermansweide. Akkermansweide is an estate of approximately 20 hectare.

The aim of the transformation is to connect the city to the water. The aged industrial estate will be transformed into a residential area near the river Oude IJssel. The municipality therefore chooses not to expand the existing stock of industrial estates but will maintain the current estates.

Figure 1.5 Transformation Akkermansweide



Source: Oude IJsselstreek (2009)

The transformation of the industrial estate is a substantial transformation task with costly relocations of current businesses. This transformation involves a total investment of €40 million of which some is drawn from the HRT-fund. The provincial contribution is €2 million which will partly cover the unprofitable part of the operation. The municipality itself will add another €2.8 million tot his

transformation. The cooperating parties for this development are next to the municipality, the water board, the Province and private investors.

The municipality of Bronckhorst is looking into the task for restructuring the aged industrial estates within the municipality. Brockhorst will revitalize eleven industrial estates. These eleven estates are industrial estates in Zelhem, Hengelo, Steenderen, Vorden and Baak. With the requested provincial contribution of €2 million approximately 63 hectare will be addressed. The municipality will contribute another €3.5 million. Within the municipality there is little expansion needed for the estates in Hengelo and Baak. One of the aims of restructuring the industrial estates is to develop and promote some form of collective structural industrial estate management.

In the municipality of Montferland also the transformation of an industrial estate will be made possible through the regional cooperation. This transformation covers an area near the station of Didam of approximately 5 hectare.

The industrial estate in Didam, Fluun Noord, is aged and run down and a total restructuring of the estate would not be possible. Therefore a transformation into mainly residential area will take place. For this transformation three businesses will be moved of the estate according to the SER-ladder to other estates, such as the RBT. The contribution of the municipality is €3 million. With the provincial contribution of €2.5 million, part of the unprofitable top of the first phase will be covered. The subsequent phases will be partly paid from the proceeds of the HRT-fund.

**Figure 1.6 Transformation Fluun Noord**

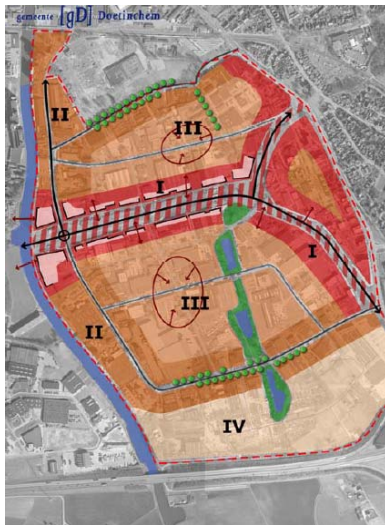


Source: Montferland (2009)

The municipality of Doetinchem has by far the biggest task of revitalizing industrial estates of the four municipalities. As such, Doetinchem will revitalize the industrial estate Verheulswede. Verheulswede covers about 162 acres and is the largest estate in the municipality of Doetinchem. For the revitalisation of this

estate a business covering over 4 hectare, needs to be relocated at the RBT (Interview H. Bus & R. Wolbers). Doetinchem will add €6 million to the relocation of this business. The total costs of the revitalization of Verheulsweide are €5.5 million. The municipality will contribute €1.5 million and the remaining gap will be paid by the province with €3.5 million. Future restructuring and revitalization of other industrial estates in the municipality will be paid by the returns of the HRT-fund.

**Figure 1.6 Revitalization Verheulsweide**



Source: Doetinchem (2009)

Both the cooperation agreement and the fund are methods of regional equalization between the municipalities. The aim of both is to minimize the competition between municipalities by letting them participate in the revenues of new estates and the costs of restructuring existing estates.

The collaboration of the West-Achterhoek follows the view of the national government with regard to the tense relation between old and new industrial estates. By improving the spatial quality of the estates economic progression and future prospective are being aimed at. The question, however, remains how this spatial quality can be retained for the future. The following paragraph will discuss some measurements to provide an answer to this question.

## 1.3 Policy measures

The uglification and accelerated ageing of industrial estates is undesirable and through regional collaboration it is attempted to improve the quality of industrial estates and maintain this for the future. This research focuses in particular on the different types of policy and management measures to improve and maintain the quality of industrial estates. It is expected that those policy and management measures are of major importance to those quality goals. Therefore several options occur here.

### 1.3.1 Park management

In the Netherlands an emerging general form of industrial estate management is park management. Park management is a special form area management (gebiedsmanagement) that focuses solely on industrial estates. It is a relatively new method of making an industrial estate a business community (EZ, 2002). Park management can be described as a sustainable management and an integral procedure to preserve the quality of new industrial estates for the long run or improve and maintain the quality at existing industrial estates (VROM/EZ, 2008). Park management is the activity of government and businesses combined, directed at the appearance, administration and facilities of an industrial estate (Afdeling ruimtelijk beleid, 2006). It is a procedure partly aimed to get businesses more involved in the state and surroundings of the industrial estates. The most common components of park management are; management and maintenance, collective security and improving the image of the estate (KVK, 2003). However, other activities that could be developed with park management are (EZ, 2002):

- Spatial planning
  - Disclosure (public transport, bike, car)
  - Segmentation (right firm at the right location)
  - Quality of the architectural image of the estate
- Public goods
  - Green collective
  - Quality of the architectural image of business premises
  - Energy management and collective buying power
- Environmental management
  - Safety management
  - Collective waste disposal and management
  - Transportation management
- Collective management tasks

- Management of public space
- Management of private space
- Management of the build environment

The amount of support of the businesses is crucial for park management (Interview O. van Dijk & S. Kroon). Businesses should clearly see the potential and value of park management, given its voluntary character. The necessary restructuring of aged industrial estates may therefore be an appropriate time. Through park management businesses could have more influence over the restructuring process.

Park management can only start if the initial amount of energy in raising support is inserted; a driving force is necessary. On the existing industrial estates the initiative almost always lays with the municipality. Because the municipality is the driving factor, the implementation of park management can be considered a top down procedure. There is actually no real problem with park management being implemented by the municipality. However, what should be reconsidered is the attitude of businesses towards such implementation. Entrepreneurs would like to maintain their independence and their freedom of choice. Entrepreneurs might have difficulty with more rules and regulations and interests may conflict (Management kennisbank, 2010). The public authorities could have a big say in what goes on at the industrial estate, which may lead to no changes of involvement of businesses.

Another weak spot of park management is the voluntary nature to financing the activities. There is no structural financing which obligates all businesses to pay. Especially in a situation of an aged and deprived industrial estate, there is no atmosphere of cooperation to address and the voluntary nature of park management has no measures against this.

As no business can be obligated to pay the finances, the risk of free riders is very much present. According to a report of Decisio (2005), the percentage of free riders on industrial estates in the Netherlands is approximately 35%.

The report also gives several reasons for the presence of free riders:

- Many businesses can not accept the amount of cost in relation to the benefits which are linked with the various measures such as security, cleansing and marketing.
- There are businesses who believe they pay too much in proportion to the benefits they expect.



- There are businesses who say they simply do not have the money or do not believe it is worth the money.

However, the report also notes that the taboo on the obligation for free riders to participate in the finances begins to disappear. The imposition of an obligatory financial contribution of all businesses that benefit from the measures becomes a political choice (Decisio, 2005).

### **1.3.2 Self-organization**

The two abovementioned weak spots of park management are the result of the character of park management. Park management is a cooperation between public and private actors but the driving force behind the estate management comes from the public side. As such businesses only participate in an initiative taken by the municipality. But could there be a more ideal form of estate management in which other actors take the initiative?

Part of this answer lies in self-organization. With self-organization the initiative can come from all groups in society, unlike participation. In self-organization, it is no longer about the participation of businesses in policy, but about giving room for initiatives. For this research it is important to gain insights in how self-organization arises and how it can be facilitated.

Self-organization is not (yet) evident in urban planning. There is still much unknown to planners and policy makers on this issue. Also, self-organization has a different approach than has previously been in the planning. With self-organization differences are allowed to take place in specific areas, while spatial planning has always been about equality. Through self-organization, local businesses may improve their own specific area by joint efforts.

Self-organization is difficult to attempt, because there is no control over how and when it arises. However, there are some ways it can be facilitated. In the following paragraph an estate management concept is explained, which could be a facilitator of self-organization.

### **1.3.3 Business Improvement District/Business Investment Zone**

An alternative form of estate management, which seems to become very near to self-organisation, is a Business Improvement District (BID). A BID is a management concept, originated from Canada and the United States, which originates from, complements and strengthens entrepreneurial initiatives.

BIDs involve a conception of regeneration whereby *"a geographically defined majority of property owners and/or merchants agree to provide an extra level of*

*public service in a specific area by imposing an added tax or fee on all of the properties and/or businesses in the area"* (Mitchell, 1999). Given different political frameworks and different approaches towards taxation, BIDs vary in details. However, they are *"fundamentally a legal mechanism to raise funds to enhance the management of a particular place"* (Houstoun, 1997, p.3). It is estimated there are over 1,400 BIDs world wide (McCarthy, 2010).

The origin of BIDs can be traced back to when the government became less involved in providing services and took on a more facilitating role. BIDs encourage a business-led organization of business areas and give businesses a greater local control over the provision of services (Lloyd et al, 2003). BIDs have the additional advantage that they seem to represent *"a powerful combination of ingredients – business self-interest and vision, together with public financing unencumbered by urban politics"* (Houstoun, 1997, p.3 in Lloyd et al, 2003, p. 300). Besides, BIDs represent the lowest level of government as well as a form of public-private partnership. While BIDs are usually led by interest of the private sector and function relatively independent from government, authorization of the BID by local government derives the legal basis for their existence and fund-raising capacity (Houstoun, 1997). The public-private character of the BID is furthermore tangible by the fact that most BIDs are managed by a quasi-public agency or non-profit organization.

A BID provides the majority of businesses in a given area, through a vote among all entrepreneurs, that in that specific area a contribution may be levied; the BID levy. This levy is additional to other (national) taxes, and can only be spent additional to current government services. The initiative of a BID can be taken by different parties, like the local authority, developers or businesses, but the entrepreneurs ultimately play a crucial role. They set up a BID proposal which determines the BID levy payers, the boundaries of the BID area, the preferable organizational structure and the projects and objectives of the BID. The BID proposal can be rejected or can be voted favorably upon. With approval the BID will be implemented in the local legislation and the levy will be collected. The maximum period of a BID is five years; afterwards the BID again needs to be voted upon. A BID is obligatory and not voluntary, like park management, but democratic and driven by the entrepreneurs themselves.

After the success of BIDs in Canada and the United States, in the United Kingdom over a period of six years 120 BIDs got established. Most BIDs involve town

centers (90) and industrial estates (25); very few involve a combination of several estates. Also in the Netherlands the concept of a BID has gained interest. Since May 2009, an Experimental Business Investment Zone (BIZ) law is in force. The BIZ law is derived from English BID legislation. However, there are some differences between the English BIDs and the Dutch BIZ.

To establish a BID in the United Kingdom three considerations must be met:

- The response for the vote of the BID has a minimum of 30%
- Of the respondents at least 50% needs to be in favor of the BID
- The votes in favor represent more than half of the rateable value

To establish a BIZ in the Netherlands these considerations are slightly different:

- The response for the measurement of support for the BIZ is a minimum of 50%
- Of the respondents at least 2/3 needs to be in favor of the BIZ
- The votes in favor represent more than half of the rateable value (WOZ-waarde).

The BIZ law is an experimental law. This means that during two years BIZ need to demonstrate that they are a positive contribution to the local business environment and social issues such as security and upgrading the quality of the estates. Furthermore they need to demonstrate they are of value for businesses and local governments. Finally democratic legitimacy and proper application of the concept need to be ensured.

An evaluation of examples of BIDs in the United Kingdom could be of great value for the Dutch situation. Through the experiences with BIDs so far lessons could be learned concerning the organization and collaboration of various parties. Part of the research of this thesis will therefore involve BIDs in the United Kingdom.

## **1.4 Aim of the research**

The general aim of this study is to investigate the applicability of the BID concept in the West-Achterhoek. A crucial part of this aim is to explore the role of a BID as facilitator of self-organization.

### 1.4.1 Problem definition

The problem definition of this research consists of several aspects. Within the framework of the national policy of Beautiful Netherlands, the West-Achterhoek is aiming to improve the spatial structure and economic performance of industrial estates. There is a fierce competition between municipalities going on, concerning new developments of industrial estates, in order to enhance economic performance. The West-Achterhoek is looking to diminish this competition through the development of two regional industrial estates; the RBT and EBT. All municipalities together, as one region, will be responsible for the new developments and with the revenues they will each restructure an existing industrial estate in their own municipality.

The policy of the West-Achterhoek includes only a physical measure to improve the economic performance of the region. The question remains whether sufficient quality of the estates is guaranteed for the long-term. Therefore, there should also be attention for management measures to improve economic performance and the way industrial estates are perceived by local businesses. This thesis will look into the possibilities of involving businesses to improve the quality and economic performance of industrial estates. A BID can be seen as such a management measurement to facilitate self-organization. The question then remains if a BID is a suitable measure to facilitate self-organization in the West-Achterhoek.

### 1.4.2 Central question and sub questions

Taking into account the previous paragraphs the following central question and sub questions are formulated. The focal points are the problem of ageing of industrial estates and the possibilities for more self-organization of entrepreneurs.

Central research question:

*'Is a BID a suitable instrument for industrial estate management in the West-Achterhoek?'*

Sub questions:

- 'How can a form of industrial estate management contribute to more self-organization among businesses and therefore more commitment towards and embeddedness within the improvement of the estates?'
  
- 'What organizational form of industrial estate management is needed to facilitate that kind of self-organization best?'

- 'In what way could that kind of industrial estate management be effectively and interactively implemented with regard to both existing and new industrial estates?'

#### **1.4.2 Structure of the thesis**

The structure of this thesis will be as follows. To answer the three central questions posed both theoretical and empirical research has been done. In chapter 2 different theories, concerning evolutionary economy, economic performance of regions and self-organization on industrial estates are discussed. This theoretical framework provides ideas on which the empirical research is based.

In the methodological chapter 3, the choice of empirical case studies, research methods and the method of analysis are addressed. Chapter 4 covers a description of the United Kingdom context, institutions and three case studies. A stakeholder-analysis is used to map all important actors, make an inventory of their interests and agendas and decide when these actors should be involved in the planning process. Some preliminary conclusions will be drawn from the United Kingdom experiences.

In chapter 5, the research is fed back to the reference region in the Netherlands, the West-Achterhoek. A similar empirical research has been done for the existing industrial estates and the newly developed regional industrial estate (RBT). A comparison is made between the UK case studies and the West-Achterhoek. Again, conclusions will be drawn considering the Dutch experiences.

In the final chapter, chapter 6, a comparison is made between the English and Dutch case studies. Lessons are learned from the experiences in the United Kingdom and conclusions are drawn for implementing BIDs in the Dutch planning system.



## Chapter 2: Theories and policies

### 2.1 Introduction

In this chapter, different theories are discussed which are necessary for supporting and answering the research question.

First of all, a theoretical consideration of the region as a unit of analysis is given. Several approaches in spatial economics for approaching a region are discussed.

The tendency then shifts towards the behavior of firms within the region. How do firms develop over time and what are the consequences for the region? After elaborating the developments of firms as single units, the life cycle of industrial estate is considered. The relationship between old and new industrial estates is discussed to provide a background framework for the dynamics between them.

Then, the dynamics of both firms and industrial estates are linked through self-organization. Self-organization as a policy to withstand the effects of aging and impoverishment and to improve the economic performance on industrial estates.

To scientifically underpin the processes behind network forming and the arising of self-organization; theories focusing on the relations of actors are discussed.

### 2.2 Regional approaches of spatial economics

This research will focus on regions and the regional scale, considering the assumption that industrial estates contribute to the economic growth and performance of the region (EZ, 2004). Recent literature (Frenken & Boschma, 2007), concerning regional development, shows that institutionalist and evolutionary perspectives have gained prominence in the analysis of regional and economic development. Some scholars even speak of a 'new regionalism', in which regional arrangements involve deep integration and are regionally bounded (Ethier, 1998).

Two concepts are central in most literature; social capital and embeddedness. "Social capital refers to those features of social organizations such as networks, norms and trust that facilitate coordination and cooperation for mutual benefit" (Putnam, in Rutten & Boekema, 2007). Embeddedness can be circumscribed as the way firms are embedded in and bound to a region. Geographers have theorized this concept to explain the evolution and economic performance of regions by locally clustered networks and firms (Hess, 2004). It is argued that the local embeddedness of actors leads to an institutional thickness that is thought to be one crucial success factor for economic regional performance.

But what developments in spatial economics have led to the emphasis on actors, networks and their embeddedness in the region?

Traditional theories concerning regional economy have not been sufficient to underpin regional policy (Lambooy, 1995). Most traditional economic theories are location-oriented. In these theories, the unit of analysis is usually the unique characteristics of the location itself (accessibility, cost of land spatial development possibilities etc.), which are seen as the explanation of the specific economic activities within a given area or region (Smith 1776, Von Thünen 1826, Weber 1909). In a more neo-classical approach, businesses were regarded to adapt their behavior as a reflection of the knowledge they have of local conditions (Pellenberg & Wever, 2008). The big comment on these theories is that practice shows businesses make their own choices, regardless of the rational choice they should make based on their knowledge.

During the 1960s and 1970s, the behavioral approach gained prominence. This approach is more focused on the considerations and motives of businesses themselves. Human factors were given more prominence in addition to rational considerations, which meant that locational choices do not precede rationality as regarded by the (neo)-classical approach (Simon 1960, Pred 1966). However, this approach is unable to explain why some economic regions grow while some decline or how this leads to a shift in economic performance.

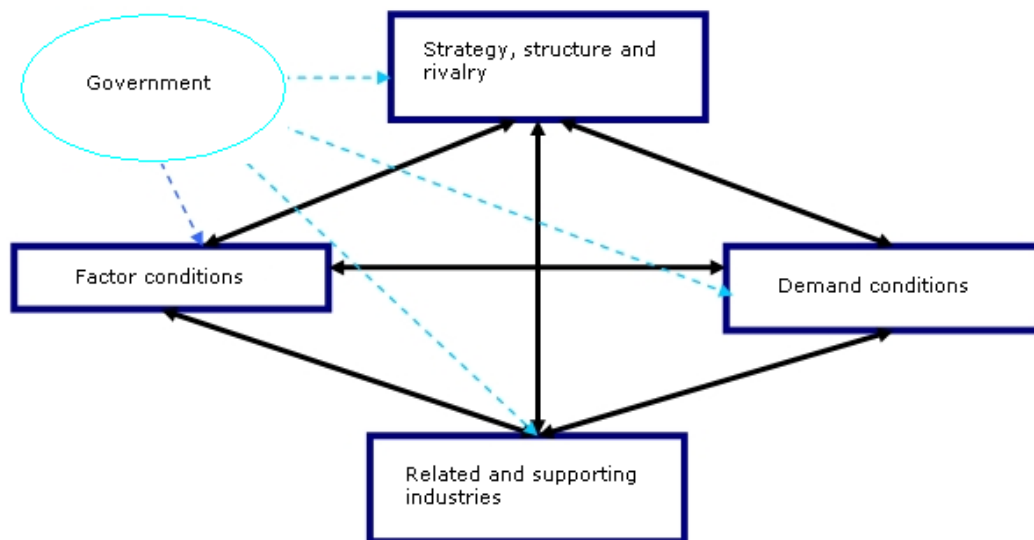
According to Porter (1990), the reason businesses flourish or relocate is also affected by other than behavioral motives in addition to internal business considerations. A third approach can therefore be distinguished; the structuralist approach. The focus here is on fundamental differences between nations as underlying factors of economic performance. For this research the nations are



replaced by regions. Porter (1990) distinguishes four attributes of a region that shape the environment in which firms compete:

- Factor conditions; the regions position in factors of production necessary to compete, such as accessibility and labor.
- Demand conditions; the nature of regional demand for the product or services.
- Related and supporting industries; the presence or absence of supplier industries and related industries in the region
- Firm strategy, structure and rivalry; the conditions of governing on how firms are created, organized and managed.

**Figure 2.1 Porter Diamond**



Source: Porter (1990), modified by author

The four attributes are also known as the Porter Diamond can be found in figure 2.1. They can be seen as the 'unique selling points' of a region. Regions are most likely to succeed in industries where the Porter Diamond is most favorable (Porter, 1990). Another important element necessary to complete the picture is government. Government, at all levels, can detract or improve regional economic performance (Porter, 1990). Government facilitation can stimulate the economic performance. Policies implemented without consideration of the system are as likely to undermine the system as enhance it.

Some scholars discuss the structuration approach of Giddens (1984), which focuses on institutional conditions, also falls within the idea of the structuralist

approach (Boelens, 2009). In this approach the focus shifts from the importance of set of rules, conventions or procedures to the competitiveness of certain regions. Suitable institutions can encourage the economic performance of a region (Polyani 1944). However, this approach still is inadequate to explain why some regions perform so well or so poorly economically.

A fourth approach developed during the mid-1990s; the 'relational economic geography' (Boelens, 2009). Economic processes are interlinked with social, business cultural and institutional factors, which are key concepts in explaining the spatial economic dynamics. As a starting point, this approach takes the relational significance of the network society. Economic performance results from relations and coalitions of economic actors in specific institutional or spatial settings, relates to the unique setting of the location and links with the precise institutional (political, social and economic) context (Boelens, 2009).

In this sense, the relational economic geography is locational in terms of the unique setting of a region (such as accessibility), behavioral in view of the focus on the relations of economic actors and structural because of the emphasis on institutional structures.

This thesis will be structured further according to this approach. Both within this theoretical framework as well as within the empirical research the focus will be on the specific characteristics of the region, the relations between actors and the institutional structures.

However, before elaborating on these three topics, first the demography of firms and the lifecycle of industrial estates are central in the following paragraphs.

### **2.3 Firm demography**

The four theoretical approaches of spatial economics, all have an emphasis on the region as unit of analysis. In this paragraph an economic theory is discussed, which focuses on firms as research unit. Theory on the development of firms is important to this research, because it will give insights in the behavior of firms.

In scientific literature the assumption is made that the construction of new industrial estates and the migration of firms towards the region generates economic growth and the growth of employment. Therefore, for many years

policies were aimed at the migration of firms towards the industrial estates in the region (Pellenbarg, 2006).

### **2.3.1 Historical overview**

The research on firm migration has its starting point in the well-known study, 'Why industry moves south', by McLoughlin & Robock (1949). The authors describe in their study the move of industrial companies, in the mid-twentieth century, from the north-eastern states of America towards the south-eastern states. They conclude that the main reasons for relocation lay in the fact that the wages were lower and union activity was less in the south than in the north (Van Oort et al, 2007).

Following British research, regional policy became a big issue. The central question in studies of Luttrell (1962), Cameron and Clarke (1966), Keeble (1968) and Townroe (1972) was whether firms react to policies that concentrate economic activity to designated areas (Pellenbarg, 2005).

The phenomenon of firm migration also gained prominence in the rest of Europe during the second half of the twentieth century. In 1983, Klaassen and Molle published an overview of all research done by European scholars concerning this topic. In almost all European countries the spatial pattern of firms that relocate are alike.

Firms move over a short distance (intra-regional) when they are in need of space, due to growth and expansion, and when they lack accessibility. In other words, a firm in need of extra space relocates foremost within the region.

Firms relocate over a larger distance (inter-regional) when there is a shortage in personnel; they move toward a more suitable regional labour market (Van Oort et al, 2007). During the 1970s, long distance migration started to decline, while short distance migration increased. In this same period, the focus, that had been on industrial firms solely, started to shift to firms in the service industry.

Studies on firm migration were meant as quantitative descriptions of the relocation of firms. The explanation of this migration was found in the judgement by entrepreneurs of the old and new business area. At that time, it was said that the urge to relocate lay in the 'external' geographical characteristics, such as the presence of space to expand and the availability of appropriate labour at the labour market, which were considered the prominent push and pull factors (Van Oort et al, 2006, Knobens & Oerlemans, 2008). The idea of firm migration as a consequence of strategic choices and changes in the 'internal' business organisation did not occur yet.

Since the 1990s, firm migration is placed within the research field of 'firm demography'. It was thought that to fully understand the dynamics of a regional economy, a description of elements of change in firm population is needed (Pellenbarg & van Steen, 2004). The emphasis on firm migration as the only important dynamic in regional economy turned out to be inadequate. The focus should be on facilitating firms already established instead of attracting new firms.

Firm demography is much like human demography, in which analysis of demographic trends such as fertility, mortality and mobility are examined to comprehend the structure and causes of population change. The components of firm demography are:

- new establishment of firms
- firm closures
- firm migrations
- growth and decline of firms.

Firms predominantly migrate over a short distance (Pellenbarg, 2005). Also the research of Weterings et al. (2008) on the development of employment on industrial estates confirms this short distance migration. On industrial estates firms from outside the region hardly ever establish themselves. The fact that industrial estates especially attract firms already located within the region, points out that those firms are bounded to their distributive market, according to the research of Weterings et al. (2008).

From an international perspective the emergence of new firms received most attention, but this interest gradually changed in the question of how firms grow and expand once they are settled at a certain place. Research therefore turned to the awareness that 'interfirm relationships', such as business sector, firm size and network relations are just as important for firms to relocate.

Knoben & Oerlemans (2008) stretch the importance of interfirm relationships even further. They determine that '*firms do not operate in isolation but are often engaged in inter-organisational relationships (IORs) and networks that influence their action*' (Knoben & Oerlemans, 2008, p. 386). This negligent of interfirm relationships is peculiar, since scientific literature acknowledges more and more the significance of relations in network theories (Boelens, 2009).

### 2.3.2 Scale of firm demography

Employment growth is a major policy goal, at all government levels. In the Netherlands *firm* migration is as important as *new firm establishments* for the employment growth. To realize this growth, policymakers aim foremost at attracting firms to their areas. To achieve this, they construct new industrial estates at accessible locations, such as nearby highways. As a consequence of attracting firms, competition between municipalities over these firms is caused (Van Oort et al, 2007). However, based on the research of van Oort et al. (2007) the effects of firm migration in the Netherlands should not be overestimated. Local government should rather aim at facilitating firms already established within the region than aim at attracting new firms from outside the region. In the Netherlands, the greater part of the firms, 75%, stays within the municipality and 94% within the labour market region (Van Oort et al, 2007). Due to this the firm's network stays as it is, employees do not have to move and suppliers and customers do not have to travel further or search for the new location. Policy at the municipality level and regional aimed at accommodating existing and *expanding firms* could have the same effect as policy aimed at stimulating *newly created firms* (Van Oort et al, 2007).

#### Firm demography in the West-Achterhoek

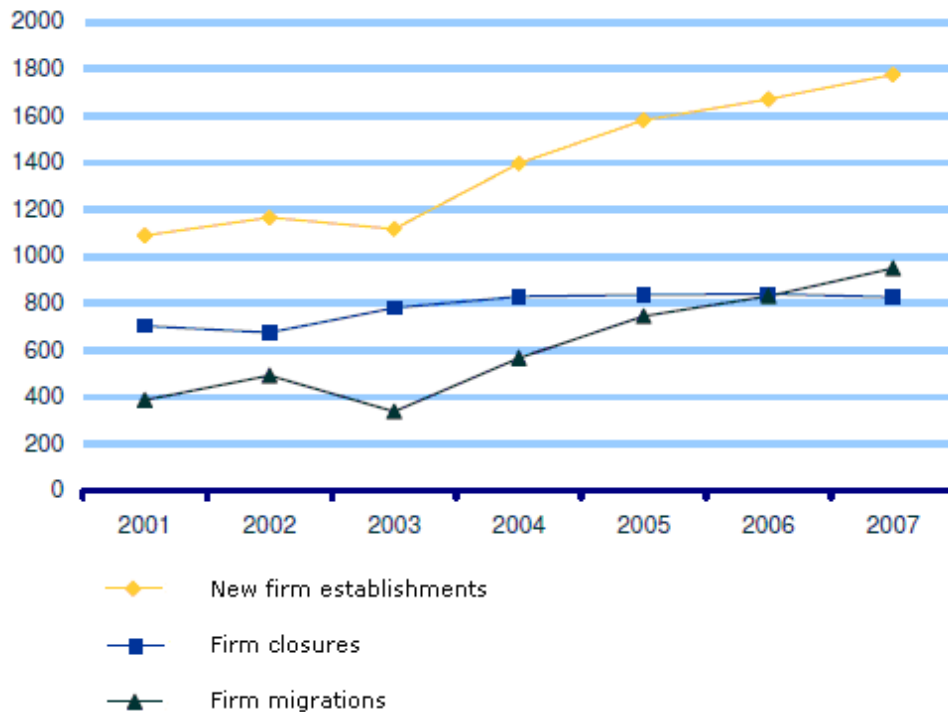
With the knowledge of the pattern of firm demography it is important for this research whether the West-Achterhoek reflects the same assumptions. In this paragraph data of the Chamber of Commerce, concerning the whole Achterhoek, was used to investigate the four components of firm demography.

##### *New establishments of firms*

In 2007, a record total of 1776 new branches of firms were established in the Achterhoek and registered in at the Chamber of Commerce (KVK, 2008). These new branches of firms exist of both *new establishments of firms* (1178) and subsidiaries of existing firms (598).

The *new establishments of firms* in 2007 were in total 1178, which represent an increase of 6.9% or 76 firms, compared to the 1102 *new firm establishments* in 2006. For an complete overview of the development of the dynamics of firms in the Achterhoek during the period 2001-2007 see figure 2.2. Most new firms' establishments are located at the municipalities of Doetinchem, Oude IJsselstreek and Bronckhorst, which are all situated in the West-Achterhoek.

Figure 2.2 Firm development dynamics; West-Achterhoek 2001-2007



Source: KVK (2007), modified by author

#### *Firm closures*

Opposite to the number of new firms are the firm closures. There are 827 closures of firm branches registered by the Chamber of Commerce in 2007. Again this total exists of firm closures and the closure of subsidiaries of firms. A positive growth balance can be calculated using the amount of new branches of firms. The total number of new branches of firms in the Achterhoek increased with 949 firms in 2007.

#### *Firm migrations*

The amount of *firms migrating* in the region Achterhoek is 825 in 2007. The firms immigrating and emigrating from the region is about evenly spread; considerably 421 immigrating firms (51%) and 404 emigrating firms (49%) (KVK, 2008). The municipalities of Doetinchem and Oude IJsselstreek have a negative migration balance; more firms are emigrated than immigrated. The municipality of Montferland has the most positive migration balance of the Achterhoek with 21 firms more immigrating than emigrating. For a complete overview of firm migration in the Achterhoek see figure 2.3.

Figure 2.3 Immigration and emigration in the municipalities of the Achterhoek

	Immigration	Emigration	Balance	Employment
Aalten	63	60	3	144
Berkelland	X	X	X	
Bronckhorst	70	59	11	30
Doetinchem	89	115	-26	-190
Montferland	71	50	21	36
Oost Gelre	32	22	10	44
Oude IJsselstreek	64	66	-2	-150
Winterswijk	32	32	0	25
<b>Totaal</b>	<b>421</b>	<b>404</b>	<b>17</b>	<b>-61</b>

Source: KVK (2007), modified by author

#### *Growth and decline of firms*

The *growth or decline of firms* within the region can be calculated by using the amount of *new firms*, *firm closures* and *firm migrations*. The total number of firms increased in 2007 (new establishment of firms – firm closures) was 949 firms. The positive migration balance of 21 should be added to this to calculate the growth or decline of firms within the region. As a result, the total amount of firms in the Achterhoek has a positive growth balance of 966 firms. In 2007, 598 subsidiaries got established as well, which shows that firms individually are growing and expanding as well.

The region Achterhoek is characterized by an increase in the number of firms. In addition there are more firms immigrating to the region than emigrating. Although there also have been firm closures, the region has a positive net growth.

Compared with the rest of the Netherlands, the Achterhoek is doing slightly less well. There are less new establishments of firms in the Achterhoek than elsewhere in the Netherlands (KVK, 2007).

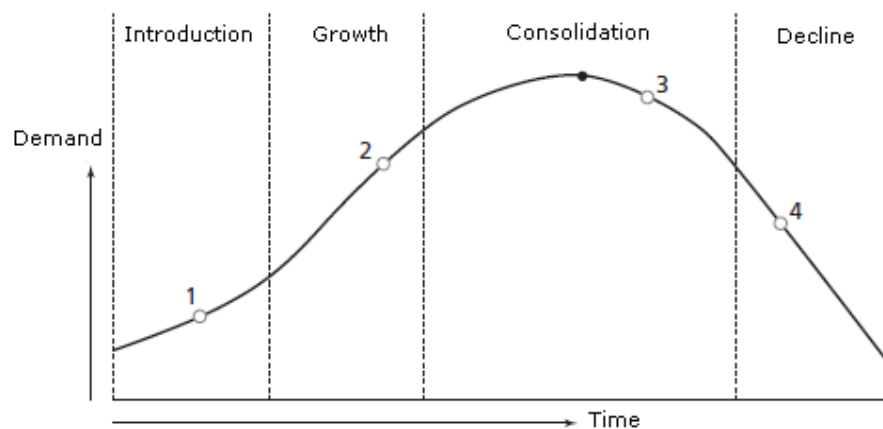
Firms can develop within their own dynamics of new establishments, closures, migration and growth and decline. Those dynamics of firms however have a certain effect on spatial surroundings. Through migration indeed, a firm moves to another spatial environment of another industrial estate. Local spatial issues on industrial estates can therefore be influenced by firm dynamics.

## 2.4 The lifecycle of industrial estates

Approaches concerning the region and theory with emphasis on the development of firms have been discussed so far. In order to get a clear picture of the developments of industrial estates, the focus of this paragraph will be on the lifecycle of industrial estates.

During their existence, industrial estates develop more or less according to a fixed process of ageing. This pattern is known as the lifecycle of business (Louw et al, 2009). According to the lifecycle of industrial estates, figure 2.4, four stages can be identified; introduction, growth, consolidation and decline.

**Figure 2.4 Lifecycle of industrial estates**



Source: Louw et al (2009), modified by author

During the first years of existence of industrial estates, the first two stages of the lifecycle occur; introduction and growth. There is often a constant influx of new businesses. These first two stages are accompanied by strong employment growth, mainly because businesses looking to expand, settle on the new industrial estates (Olden, 2010).

Over time, the growth of the industrial estates changes towards consolidation. The established businesses are mature, the development of employment rates stabilizes and the first businesses leave for new industrial estates. As this stage progresses, the ageing of the industrial estate is getting visible. This is often due to the lack of maintenance of the public area. If the local authority takes action as soon as possible, the problems at this stage can be annulled by committing major maintenance. With relatively simple measures it is possible to bring the quality of



the estate back at the desired level (Olden, 2010). If this is not happening and the necessary improvements are omitted, the attractiveness of aged industrial estates declines even further.

The problems get even greater in the stage of decline. In this stage there is even more wrong with the industrial estates than just the lack of maintenance of public space. Businesses make new demands on the industrial estates and frequently the disclosure and internal road of the estates meet no longer with those demands. Because of the leave of businesses, the employment rate declines. The interest to fill the vacant property on the estate declines as well, with the result that the property prices fall.

This attracts new kinds of businesses to fill the empty spot with low value activities, until not even within that category the interest for the industrial estate exists. Thus, a self-reinforcing negative trend is set in motion, ultimately leading to the impoverishment of the industrial estate (Olden, 2010).

#### **2.4.1 Relationship between old and new industrial estates**

In addition to this lifecycle of industrial estates there is also a relationship between the establishment of new industrial estates and the developments on existing older estates. This relation plays a role as well in the migration of firms. Brouwer (1994) has set this relation in his stockpile theory. Within this theory the establishment of new industrial estates has two components; expansion and replacement.

Expansion is the necessary growth of the industrial estate stock to keep economic activities functioning efficiently. Expansion can be essential because of changes in the use of space, like the need for space because of expanding production processes (Brouwer, 1994).

Besides the establishment of new industrial estates for expansion, new estates are also necessary for the replacement of a part of the existing estate stock. Replacement is the consequence of the obsolescence of existing industrial estates. The average life of industrial properties is not entirely fixed, but is also influenced by the establishment of new property (Brouwer, 1994). As a consequence, when businesses decide for early replacement of property, the average life will decrease and the need for replacement will increase.

The industrial property market is based partly on the land market and the general property market. Therefore two modes of replacement are relevant (Olden, 2010). The first is the replacement of land as a consequence of the obsolescence of old industrial estates or the transformation of estates for different functions. The second is the replacement of individual property. Through this, replacement on

industrial estates is needed although the total of industrial estates remains the same.

In a market with a dominating need for expansion, another planning task is at issue than in a market dominated by a need for replacement. Logically, in a market dominated by a need for expansion, the accent must be on the construction of new industrial estates. In addition, on existing industrial estates restructuring should take place in order to maintain the existing supply. In such a case the need for new estates will be kept limited.

When the market is dominated by the need for replacement, the accent should be on stimulating the reuse of existing industrial estates. The task would be to accommodate the need for industrial property in the existing property. In case the property is too run down, restructuring of obsolescence property is needed.

This paragraph has provided insights into the dynamics of industrial estates. Not only the lifecycle of industrial estates was elaborated on, also the dynamics between industrial estates was discussed.

Firms on industrial estates, like industrial estates themselves, are involved in their own networks and current developments within those networks. In other words; business dynamics. Those business dynamics have an influence on the spatial surroundings. This relation will be elaborated on in the following paragraph.

## **2.5 Policies**

If municipalities, based on the assumed effects of generating more economic growth and employment, issue more bare land than necessary for accommodating the need for expansion and replacement the existing stock of industrial estates will age accelerated. The issue of more bare land will increase the pressure on the scarce space and will lead to inefficient use of space.

### **2.5.1 SER-ladder**

Given this relation between the need for expansion and replacement, keen insight is crucial for industrial estate policy on spatial issues. About ten years ago, the Social Economic Council (SER) contrived an instrument including the dealing with the obsolescence of aged industrial estates; the SER-ladder. The idea behind this instrument is to exploit all possible options for industrial estates before constructing a new estate. The SER-ladder holds on to two principles; better

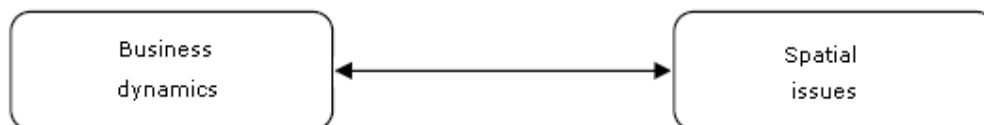
dealing with the shortage of space and balancing the space requirements for different functions. The search for suitable space for economic activity is thus one of the key issues of the SER-ladder. In other words, the ladder is used as a paradigm for the allocation of scarce space.

- The first sport of the ladder states that the space must be used made available for a specific function or made available through restructuring.
- The second sport wishes the best use of options to increase of space productivity (technical innovation, multifunctional use of space and legislation).
- The third sport offers as a last resort the option of expansion of the specific use of space for the specific function.

The SER-ladder is meant as an instrument for (local) authorities to make a balanced and a careful consideration of spatial claims. However there are two complications; the consideration of a specific function and place will always be at the expense of another function and place and future orientation is required because of irreversibility and longevity of many spatial investments. The question arises whether the SER-ladder should also be applicable for businesses. In such a way, businesses would be made (partly) responsible for the efficient use of space. This responsibility will likely lead to a different perspective and different circumvent of entrepreneurs.

This paragraph made clear that spatial issues also have their own dynamics. In this case the spatial issue is acknowledged and policy is formed around it that will in return affect the business dynamics. This relationship between business dynamics and spatial issues is visualized in figure 2.5.

**Figure 2.5 Relation between business dynamics and spatial issues**



**Source: Author**

The relation between business dynamics and spatial issues is one of mutual affect. This relationship however could be steered in towards a desired direction. The

following paragraph will look in to the phenomenon of self-organization as an influencer on this relationship.

## 2.6 Self-organization

The SER-ladder is a policy measure planned by a central agency, the SER. A good deal of collective human activity is based on planning by such central agencies (Haken & Portugali, 1995). However, like nature, there are also well-functioning structures that are unplanned and self-organized.

Planned activity is controlled and therefore limited. Criticism on this limitation made it attractive to study, in this case, economic performance on industrial estates from the point of view of self-organization.

Self-organization "*is the phenomena by which a system self-organizes its internal structure independent of external causes*" (Portugali, 1997). It is the ideal situation from which a collective activity should take place. Given this notion, the focus should be outside-in instead of inside-out (Boelens, 2009).

In this case of enlarging economic performance within the region, the notion for entrepreneurs should be that in order to do so, they need to organize themselves. There are four arguments why citizen, or in this case entrepreneur involvement, might be better.

The *social* argument is the first argument. The involvement of entrepreneurs would contribute to the social cohesion within a fragmented business society. This participation of entrepreneurs can be seen as an instrument of empowerment; they can better articulate their wishes and needs (Hazeu, 2008).

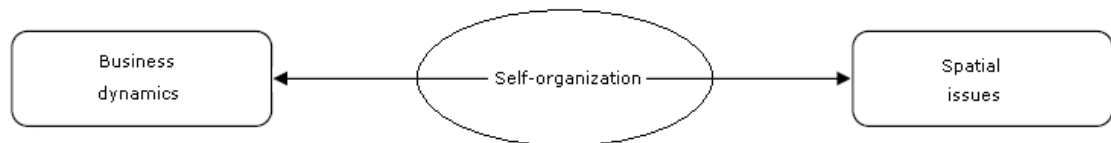
The second argument is that entrepreneurial involvement stimulates new responsibilities concerning *spatial* conditions in designated areas. The expectation is that when entrepreneurs are involved they will contribute to the spatial quality of their working environment/industrial estate (VROM 2007a). Their involvement would improve the environment, both by increasing the identification of local businesses and the belonging to this business society (WRR, 2008). As a result the 'embeddedness' of spatial planning by local businesses will increase and thus the support and commitment towards initiatives will improve (VROM, 2007a).

The third argument points out the *economic* robustness of self-organization for the long run. An active business society, it is thought, will generate economic robustness by the willingness to (co-)invest in the local business community (VROMraad, 2006) and the diversity of economic activities that arises.

The final argument is a *political* one. There is a growing debate concerning the perceived gap between the civil society and government (Min AZ, 2007).

According to Tonkens (2006), involvement of citizens and entrepreneurs could bridge this gap and both government and citizens could cooperate on the issues at stake. Consequently the priorities of citizens/entrepreneurs are better met; mutual communication would be improved and it therefore strengthens the civil support for public policies (VROM, 2007b). In other words, through self-organization business dynamics better cooperate with the spatial issues at hand and vice versa. This influence of self-organization is visualized in figure 2.6.

**Figure 2.6 Self-organization as influencer of the relationship**



**Source: Author**

The question remains how such a self-organizing structure arises and how it can be facilitated without being planned by a central agency. The following sections will give insights in two approaches.

### 2.6.1 Actor network theory

Today's society is often characterized as a network society (Castells, 1996). Globalization, individualization and new technologies are some important development. Boelens (2006) distinguishes three characteristics of the network society:

- increasing global dependency;
- transcending and redefining of boundaries in a functional matter and
- the emergence of a 'world of flows' and a 'world of places', in which the power of organizations is less influenced by spatial position, but more by the position within a relevant network.

These three characteristics show a paradigm shift from an absolute approach of space towards a relational approach. This relational approach has consequences and effects for the planning practice. Because of the complexity of space, planning in the traditional way seems to be insufficient. Governmental authorities are not necessarily able to make critical decisions. A broader analysis of interests is needed; which parties are involved and who can contribute to developments within a certain area? Both public and private organizations can play a role in

these questions. Fundamental interests and goals should be explored to join the discussion. As a consequence, planning practice needs to look beyond traditional actors like local authorities and land managers. Private parties within a region have interests concerning the region as well, but are often disregarded. An adjust exploration of those interests is essential for good planning practice.

The question rests how a relational approach of space influences the process of spatial planning and intervention. The Actor Network Theory (ANT), primarily based on the work of Michel Callon, Bruno Latour and John Law tries to answer this question. ANT is originated as an interdisciplinary approach to technological studies and social sciences (Boelens, 2009).

The ANT suggests that interactions (associations) are all that exists in social sense (Law 1992, Latour 2005). When the existence of groups or objects is subject to research it is important to find out how dominant associations have been established. Those interactions or associations do not only evolve between human actors, but also between human actors and things and even between things. With the consideration of things (spatial objects; e.g. junctions), ANT tries to annul the difference between the 'natural' and 'social'. Both human actors and things/objects are part of the larger picture.

Besides this, according to ANT, a spatial vision is not isolated from human actors and objects, but is interlinked with them. The association between them is the starting point of analysis. According to ANT, successful interactions can only be achieved when they join existing associations between actors (individuals, groups and objects).

Finally ANT states there is no fixed order in the world, but an organic concept of continuous change and ordination. Callon (1986) and Law (1992) refer to this continuous change and ordination as the process of 'translation'. Because of translation a human actor or object continuously changes shape. The translation of spatial needs of actors in spatial plans will only be successful when the translation is accurate and robust.

The identification and analysis of human actors, objects and institutions provides a different view on space. It is important to find out which parties are involved in the network and play a role in the development of a certain area. As such, reciprocal relationships are essential. Concerning the analysis, the historical and social context of an area influences interests, relationships and institutions within the area. To stimulate the development of an area, it is important to map these associations. The challenge therefore lies with the intervention between these

associations while considering needs and interests. New associations guide new developments.

### **2.6.2 Actor relational approach**

From ANT the Actor Relational Approach (ARA) has been developed to cope with the more future-oriented and pro-active ambitions of planning (Boelens 2009). ARA also starts of with actors (human and non-human) and relations (or networks). This means that instead of planning being highly government-oriented and government dependent, the focus should be on the identification of opportunities and to connect them to possible public and private actors who might want to associate with common possibilities from the ground up (Boelens, 2009). As a result the ARA attempts to develop beyond the plan and from an actor relational view.

In addition to this, the approach is not only about actors, but more about leading actors. Those leading actors are thought to have the capacity and incentive to invest in their local environment, doing so, moreover, for reasons of more or less self-interest (Boschma and Frenken, 2006). A distinction can be made between leading actors from within the business society (primary focus on profit-making), the public society (primary focus on representational vote-winning) and the civic society (primary focus on specific partnerships interests). The approach departs therefore from embedded actors in broad networks of economic, political and civic interconnectivity (Boelens, 2009).

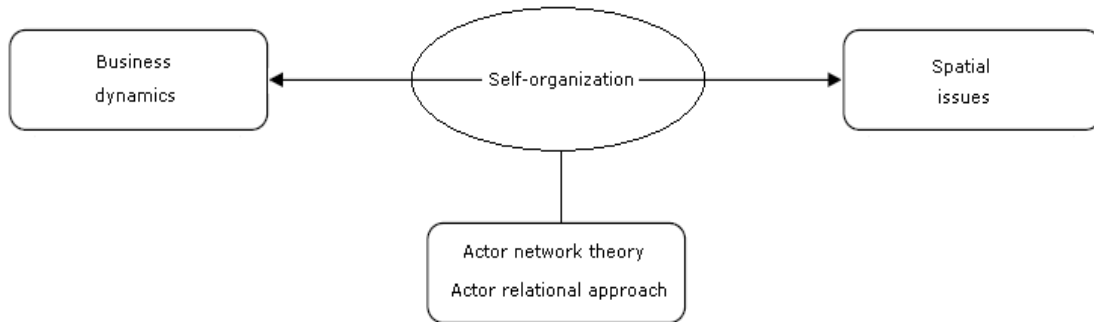
Another important concept of the ARA is sustainability. It refers to sustainable economics, a sustainable social structure, a sustainable spatial solution and sustainable environmental solutions. Those unique core values of a specific area or community hold a central position in the ARA. Moreover, they are the central focal points against which planning associations are continually measured in terms of their development, objectives and results (Boelens, 2009).

The ARA also has a primary focus beyond the confines of government. In line with the urban and regional approach, this arises from the conviction that the government is not the only actor within spatial planning and often not even the dominant one (Kreukels, 1983). Furthermore, lasting emphasis on government-oriented planning leads to planning dependent on subsidies or volatile political commitment and as such lacks sustainability. To circumvent these problems, the ARA focuses on the specific embeddedness of stakeholders in the businesses and civic society (Boelens, 2009).

Finally, the ARA is all about associations. The starting point is building effective actor-network associations around meaningful issues or themes. Therefore ARA

ties in with a plea for associative democracy (Boelens, 2009). According to Rogers and Cohen (1992) and Hirst (1994) associative democracy bridges the gap between the state and the business and civic society making it more public and transparent; and it seeks to promote governance in both the public and private spheres by offering a bottom-up model of organizational self-efficiency and self-organization.

**Figure 2.7 Self-organization can be structured by ANT and ARA**



Source: Author

## 2.7 Theoretical framework

Based on the deliberations given, finally a theoretical framework is drawn for the questions with regard to the West-Achterhoek. To get an understanding of why this research is focused on actors, networks and institutional context, different approaches are elaborated on, ending with 'relational economic geography', which combines these aspects.

Theories concerning the regional scale, the firm level and the scope of industrial estates have been discussed. The region is important because theory underlines the emphasis on relational approaches on the regional level. The demography of firms, the lifecycle of industrial estates and the relation between existing and new industrial estates give an overview of the dynamics businesses deal with. These business dynamics stand in relationship with spatial issues and vice versa.

Through self-organization this relationship can be influenced for the better. Two theories, ANT and ARA, to structure self-organization concerning relations of actors show how self-organization could be facilitated instead of imposed as a planned measure.

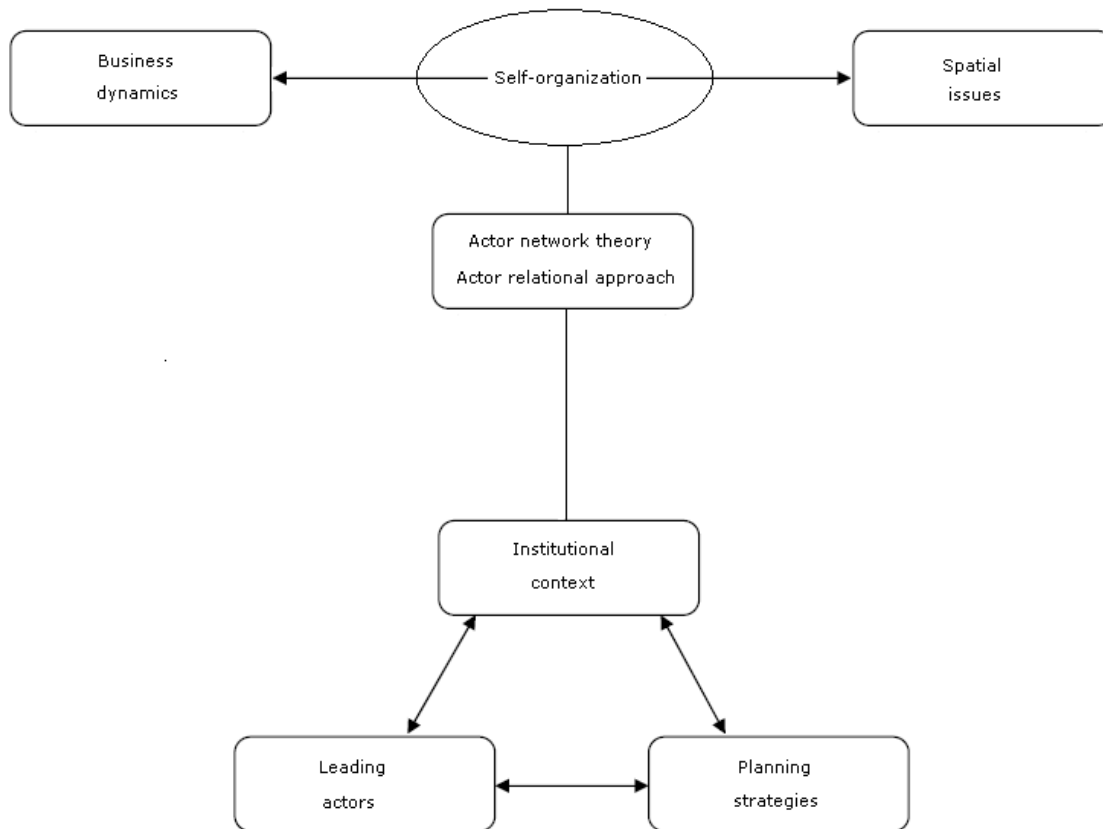


As stated before the actor network theory finds its origin in sociology. However it can also be applied in other disciplines such as spatial planning. When research is based on ANT or ARA in urban planning, it is concerned with the origin and development of specific spatial forms. In order to shape this research, the following framework of the planning triangle (institutional context, leading actors and planning strategies) is used.

This planning triangle shapes the way ANT can be used for urban planning. To start, there is an institutional context which has to be examined first. The institutional context is the setting in which spatial development takes place, such as laws and regulations but also informal rules of conduct. The institutional context can not be ignored, but does not have to be taken for granted. As can be seen in figure 2.8 the institutional context is influenced by leading actors and planning strategies. However, all three corners of the planning triangle influence each other which causes interplay between the three. To influence the institutional context and planning strategies, leading actors form new associations.

All the previous assumptions combined lead to the following framework, as can be seen in figure 2.8.

Figure 2.8 Framework



Source: Author

To conduct the research this framework will be used. Focusing on the planning triangle leads to the following steps of the research:

1. Researching the institutional context of case study and the location
2. Investigating the leading actors and the (spatial) needs of the business community
3. Examination of the planning strategies and the experiences

By completing these three steps, the case studies can be researched in a systematic way. The central research question and sub questions are linked to the planning triangle and thus covering the broader spectrum of this research.

This chapter has drawn a theoretical framework by conducting a literature research. The following chapter will outline the context of the empirical research.

## Chapter 3: Research methodology

### 3.1 Introduction

This chapter describes the methodology used in this research to investigate the research questions. First of all the research takes place in the United Kingdom, in the Midlands region. The second part of this research involves the Dutch reference region, the West-Achterhoek. The lessons learned from the United Kingdom situation are compared with the Dutch situation and conclusions are drawn based on the data found in the case studies.

### 3.2 Selecting the case studies

The starting point of this research is estate management on industrial estates. Both in the United Kingdom and in the Netherlands initiatives have started concerning estate management and cooperation on industrial estates.

In the United Kingdom the Business Improvement Districts (BIDs) have been introduced as a form of estate management. Since their introduction they gradually have become part of the UK legislation.

The UK National BIDs Advisory Service has registered all established BIDs in the UK since they emerged. There are four types of BIDs depending on the area they get established in: town centre, commercial, industrial estate and district/city wide (covering sites within one district) BIDs. BIDs mostly get established in town centers and commercial sites and to a much lesser extent on industrial estates and district/city wide. The focus of this research is on industrial sites and (regional) cooperation. As a result, a selection was made including only industrial estate and district/city wide BIDs.

After narrowing down the BIDs to industrial estate and district/city wide BIDs, they were studied on where they are located. A proper range of BIDs were located in the Midlands, mainly in the surroundings of Birmingham.

The case studies were selected based on three criteria:

- The range of activities of the BID
- Variety of actors involved in the BID
- The overall activity of the BID

The range of activities is important because the amount of activities housed in a BID, represent the possibilities for the deployment of a BID. The variety of actors involved reflects the complexity of the cooperation. Since cooperation and self-organization are two important aspects of this research a higher diversity of actors involved makes the case studies more interesting.

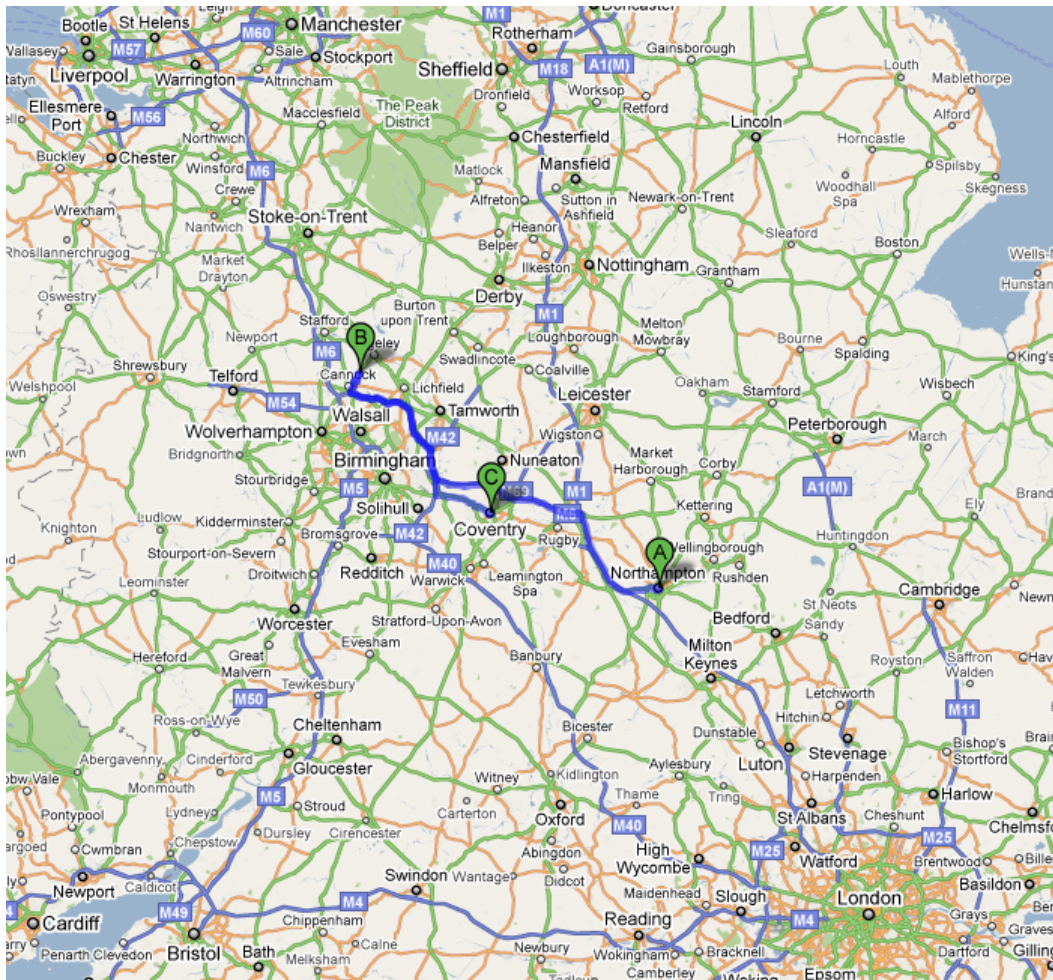
The overall activity of the BID, meaning how active the BID as an organization is, is important to gain insights in the commitment of the BID. By researching the amount of activity of BIDs, lessons can be learned from the best way of organizational advantages.

Based on these three criteria, three case studies were chosen in the UK:

- Brackmills Industrial Estate BID, East Midlands (A)
- Cannock Chase Industrial Estate BID, West Midlands (B)
- Coventry City Wide BID, East Midlands (C)

The location of the three Midlands case studies can be found in figure 3.1.

Figure 3.1 Locations of the UK case studies



Source: Google maps (2010), modified by author

Brackmills Industrial Estate BID covers only one industrial estate; Brackmills. Brackmills was developed in the early 1980s and is considered one of the largest estates in the United Kingdom. Brackmills focuses on distribution and logistics because of its central location and accessibility.

Cannock Chase Industrial Estate BID covers five industrial estates. All estates were developed during the 1980s when the mines in the region closed. The buildings on the estates are deprived and the quality and maintenance of roads and other public areas are below an acceptable level.

Coventry City Wide BID was the first BID in England covering a whole city. In total, the BID accounts for approximately 2,500 businesses. The businesses are

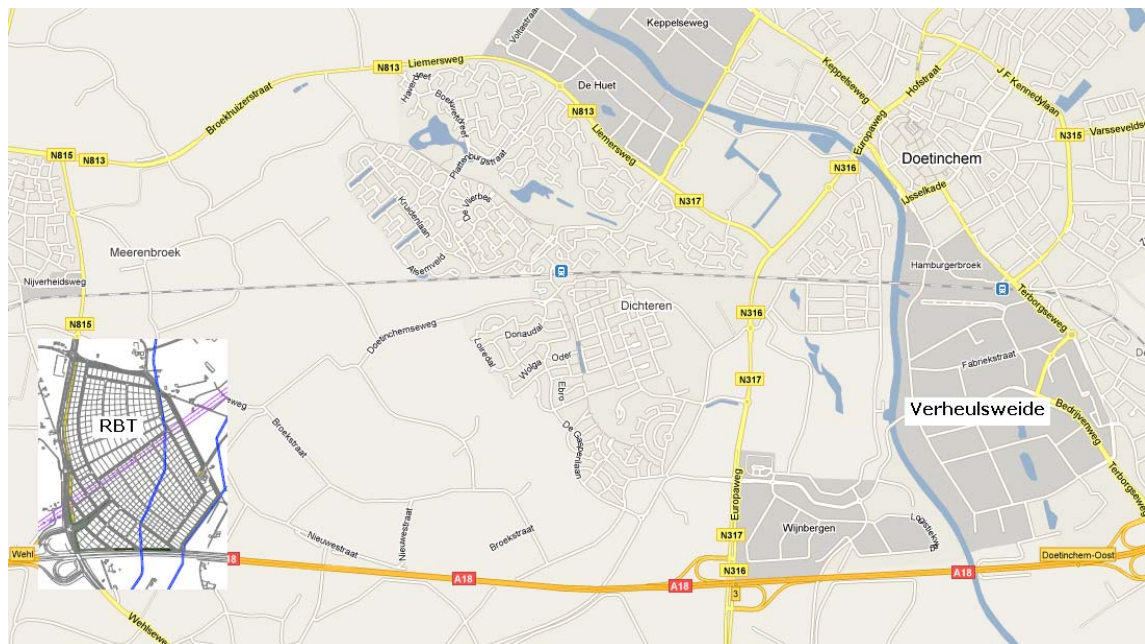
located on a wide range of businesses sites, such as small and big industrial estates, modern business parks and science parks.

Further elaboration on the UK case studies can be found in Chapter 4.

In the Netherlands the reference region is the West-Achterhoek. In the Netherlands park management can be seen as a form of estate management. In the West-Achterhoek park management is now being implemented at many locations, both at new and existing industrial estates. For this research both the park management on the existing industrial estates as well as on the newly developed regional industrial estates (RBT and EBT) is interesting.

The case studies in the West-Achterhoek will therefore include park management on the existing industrial estate Verheulsweide and park management on the newly developed RBT. The location of the two West-Achterhoek case studies can be found in figure 3.2.

**Figure 3.2 Locations of the Dutch case studies**



**Source: Google maps (2010), modified by author**

Verheulsweide covers one industrial estate. It was developed during the 1960s and is the largest existing industrial estate in the West-Achterhoek region. Verheulsweide can be characterized as mixed industrial estates. This estate was chosen as case study based on its size and the current dynamics of restructuring.

The RBT will be developed from mid 2010 onwards. In the meantime it has changed its name into Bedrijvenpark A18. Considering the continuity of this thesis, the reference RBT still will be used. The RBT is planned to (re)locate the larger businesses within the West-Achterhoek. The estate will also have a mixed industries character. The RBT was chosen as case study because the developments are in further progress than the developments of the EBT. The RBT is more likely to provide a good overall representation.

### **3.2.1 Research method**

The starting point of the research is desktop research of the available literature. In this way, understanding of the context, history and recent events concerning the case studies can be obtained. Representatives of businesses and organizations that are involved in the case studies are the next unit of analysis.

For this research a qualitative approach is used in order to examine the actors from an open-ended perspective. Through qualitative research, research subject can be studied in their natural settings. As such, it is attempted to make sense, or interpret phenomena in terms of the meaning that people bring to them (Bryman, 2004). Within qualitative research, approaches like interviews and focus groups are used to gather information (Bryman, 2004).

Given the aim of this research to gain deeper insight in cooperation at industrial sites and the implementation of estate management, a method is used to find the motives and reasons of actors involved. Since the qualitative research method of an interview gains deeper insights in motives and reasons, this method is used to conduct the research.

### **3.2.2 Research Design**

As stated above, interviewing is the method of data collection when it comes to acquiring knowledge or to identify feelings, opinions and thoughts. Unlike surveys, through interviews the reasons for certain behavior can be demanded (Bryman, 2004).

To gather the data for the research, a semi-structured interview is used. The semi-structured interviews sit between the structured and unstructured interview. Such an interview presumes that believes and attitudes people have in their minds will have an impact on their actions, considerations and understanding.

A semi-structured interview is conducted using a topic-list, but the order of questions is not fixed and can be switched between different topics (Bryman, 2004). Therefore the interview technique allows time between the prepared

questions to ask supplementary questions to raise issues and/or ask for more detail if necessary. And more pragmatically, it is a method that helps to ensure respondents to understand the questions by allowing the opportunity to rephrase those (Verschuren & Doorewaard, 2005).

In addition to in-depth interviews with one person, group interviews are also used to gain information. By using a group interview, topics are discussed by different actors at the same time, and information is gained about the relationships between actors (Bryman, 2004).

The questions in both types of interviews were prepared some time before the interview and were revised based on feedback. The interviews were recorded and later transcribed and used as background information to back up or to meet the outcomes of the literature study.

In total 7 individual interviews and 6 group interviews were conducted. In total 22 persons, from various settings (local authority, business community, professional organizations and media) were asked about their view on BIDs and park management.

To complete the research, the research method of observation is used. Through observation of the estates, the results of estate management could literally be seen. The observation of the estates was sometimes combined with door knocking on business premises and to ask entrepreneurs their opinion about the estate management.

An overview of all interviewees and a brief description of the interviews can be found in the annex.

### **3.3 Stakeholder analysis**

The abovementioned research methods of desktop research, conducting interviews and observation are all very descriptive. In order to reach a depth beyond the descriptive level a form of analysis is needed. The stakeholder analysis is linked to the planning triangle in such a way that the leading actors can be mapped.

The Ministry of Housing, Spatial Planning and the Environment uses a stakeholder analysis to identify actors and parties involved. The aim of a stakeholder analysis is mapping the actors involved with a substantial interest and their views on

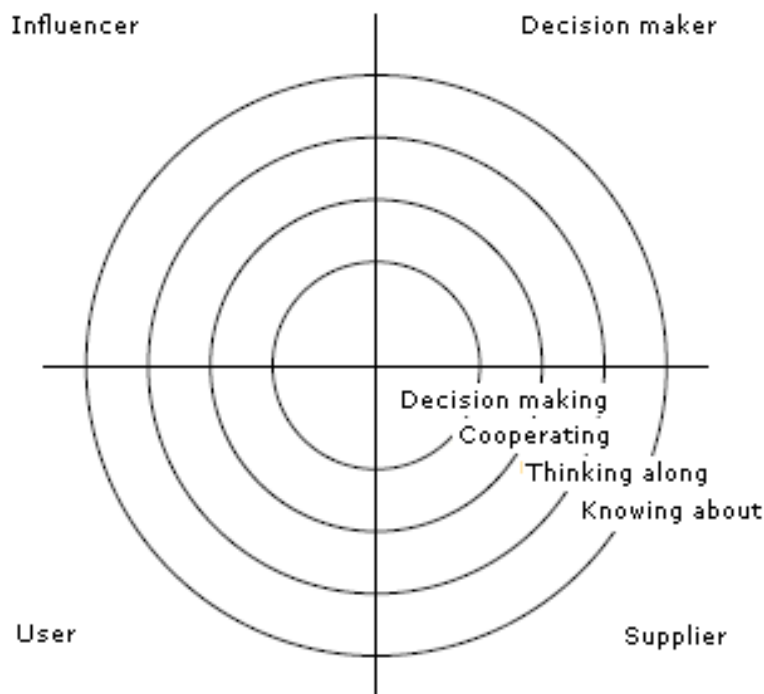


possible solutions. Part of a stakeholder analysis, next to mapping actors involved, is the inventory of interests and agendas and the analysis of how and at what stage these actors need to be involved in the decision making process.

Through the insight of stakeholders, the interaction and associations with the area and surroundings can be performed better. Another important aspect is that a stakeholder analysis also contributes to an awareness of the environment and surroundings of a project. This helps to ensure that the result has support in the area.

The stakeholders can be from the business society, the public society and the civic society. It is not their origin that is important for the analysis, but their role and interests within spatial developments. By using the circles of influence, the position of the stakeholders can be visualized as seen in figure 3.3.

Figure 3.3 Stakeholder analysis



Source: VROM (2008), modified by the author

The stakeholders are both classified by their *current* position in relation to the development as well as by their desired role. The next four divisions for the positioning of stakeholders relative to spatial development can be applied:

- Decision makers of the spatial development
- Suppliers of manpower, finances or other resources to the development
- Users of the development (users of the area)

- Influencers of the spatial development (actors that might influence the development)

Another division can be made in organizing the stakeholders in their *desired* role in the spatial development:

- Knowing about: these actors must be kept informed about the developments or parts of the development. External communication and information will focus in particular on those actors.
- Thinking along: these actors can contribute to the project. They should be involved in the development at proper times to able them to bring their ideas forward.
- Cooperating/Participating: these actors must effectively contribute to the spatial development. They should contribute to the development at the proper time and they should be controlled by the developing management.
- Participate in decision-making: these are actors who actually participate in decisions about the spatial developments or parts of the development.

By using the stakeholder analysis a relational approach towards spatial developments can be visualized and solutions can be initiated. All actors, both human and non-human will be positioned in the analysis based on their role in the process. As such, the position of actors can be mapped and therefore the amount of self-organization per case study can be analyzed.

## Chapter 4: The Midlands cases

### 4.1 Introduction

In this chapter the three case studies in the United Kingdom will be investigated by using the planning triangle and stakeholder analysis. To understand the UK situation first a short overview will be given concerning the Midlands region. Subsequently all three case studies will be discussed and compared and preliminary conclusions will be drawn.

### 4.2 The Midlands

The Midlands is an area central in the United Kingdom, which can be divided in the East- and West-Midlands region. The area includes some major cities such as Birmingham, Coventry and Northampton. Given the central location of the Midlands, transportation and distribution is an important sector of economic activity. Both regions can be divided into several counties and boroughs. Both counties and boroughs represent the local authority.

Physical surroundings, actors and institutions are historically grown. Therefore the way the Midlands have developed is historically determined. As a consequence, before giving an analysis of the current situation, a historical overview is needed.

#### 4.2.1 Historical overview

The economic development of the Midlands went through several adjustments over time. The Midlands were agricultural dreadful, so the area had to find alternative ways of work. Iron and coal were found in the surroundings of Birmingham and very basic iron industries begun. The iron and coal industry grew and a vast amount of metal working businesses got established (Interview Taylor, 2010). When the iron and coal mines closed in the 1980s businesses located at

small industrial estates, causing the establishment of mixed industrial estates for fabrication and production, in order to generate some income. Some of these fabrication and production companies have become both national as international important, such as Rover car plant.

Because of the central location of the Midlands, some industrial estates are aimed at locating transportation and distribution firms. Instead of small business units, these estates house giant sheds in order to locate big distribution centers. Some of these estates have evolved into prime logistic hubs (Interview Taylor, 2010).

#### **4.2.2 Current situation; industrial estates in the Midlands**

Many of the small industrial estates in the Midlands deal with degradation and impoverishment. Since they got established during the 1980s they have not undergone any substantial restructuring (Interview Taylor, 2010). Therefore they are a lot older now and very run down.

Recently, in order to withstand the further aging of the industrial estates, Business Improvement Districts get established on industrial estates. Although most BIDs in the UK are currently in town centers, the principle works the same for industrial estates. With regard to industrial estates, BIDs encounter considerable further interest and the National BIDs Advisory Service expects more industrial estates BIDs to be developed in the near future.

### **4.3 Institutional context**

The United Kingdom administration is different from the Dutch. Her Majesty's Government (HMG) is the central government of the UK. The powers of the HMG include general executive and statutory powers and tax-raising powers. Underneath the HGM local authorities exist. Throughout the UK, based on where you live, local government bodies are organized differently. In the greater part of England, there are two levels of local authorities; the county council and district council. County councils cover larger areas and provide most public services such as social services, schools and public transportation (Directgov, 2010). The counties are divided into several districts. District councils cover smaller areas and accommodate more local services like recycling and trash collection, council housing and local planning (Directgov, 2010). District councils with city or borough status may be called city or borough councils but their role is exactly the same as a district council. Some local authorities share services, like police, fire services and public transport, covering a wider area. The main reason for this is that some

councils are too small to run effective services on their own. Another reason is to avoid splitting up services when council structures are changed (Directgov, 2010).

The UK tax system is characterized as being highly centralized. The local authorities have only limited tax-raising powers. The HMG has got substantial influence over the local authorities by financial powers and grants (Direktgov, 2010). The business rates paid by entrepreneurs and received by the local authorities go to the central government. Local authorities have almost no influence on the way local taxes are spend. As a consequence, entrepreneurs have no insight on the spending of these tax revenues and any backflow of local governments. This tax system is an example of the distance between entrepreneurs on industrial estates and the way their money is spent by the (local) government. A BID may reduce this distance by giving entrepreneurs more control over their money.

The government takes on a passive role concerning the management and maintenance of public space. Part of this is due to the fact that the ownership structure of industrial estates is very fragmented. In the UK there are more private developers active on industrial estates. The ownership of the local authority is therefore highly variable, even within one estate. For example, some plots are owned entirely private were others are owned by both the public and the private. The same goes for the public space, such as roads and verges. It can either be owned by the local authority, owners of business lots and/or one private owner. This fragmented ownerships leads to confusing management and maintenance and is in need of more cooperation between owners.

The pressure on space in the UK is not as present as in the Dutch situation (Interview Taylor, 2010). Land is less scarce and a lot of greenfields are used for development. Unlike the Dutch situation, in the UK there is not such a focus on regeneration of brownfields.

The United Kingdom has a total of nine Regional Development Agencies (RDA), which tasks is mainly to lead economic development, working alongside public, private and voluntary sector partners (Holder, 2010). Only part of their focus is on regeneration for better economic performance. The Midlands have two RDAs; Advantage West-Midlands and the East Midlands Development Agency. The RDAs have no formal policies on BIDs, but invest and support them by knowledge on regional economics. The East Midlands Development Agency however, has founded a BID program; organizing a BID manager masterclass and investing

30,000 pounds to support the establishment of a BID. Unfortunately this support is only for retail and city centre BIDs. The East Midlands Development Agency finds retail areas and city centers more suitable for the establishment of BIDs (EMDA, 2010).

BIDs seem to be more reserved for retail areas and city centers because of the involvement of local entrepreneurs in the maintenance of their surroundings. Another limitation is the size of a BID. BIDs are rarely district wide, partly because of the perception/assumption of an optimal size. Scottish policy says that "*a large BID area that is solely created with a view to the size of the levy budget will more than likely disenfranchise at the extremes of the BID area and does not accord with the values and the principles of the BID. (...) It is not recommended to have a BID area which has more than 400-500 businesses, as the level of depth of consultation may be impaired. This will ultimately reflect in the Business Plan and BID Proposal and may lead to negative response to the BID*" (BIDs Scotland, 2008, p.18).

The researched case studies should be considered with regard to this institutional context. It provides the institutional framework within BIDS have been established and what considerations have been made.

#### **4.4 Brackmills Industrial Estate BID**

Brackmills Industrial Estate is situated in the East Midlands, in the city Northampton. Northampton is one of the ten fastest growing town's in the UK (Brackmills Estate Group, 2009). Brackmills was developed in the early 1980s, by several different developers. There are around 150 companies on the estate, ranging from logistics to big warehouses, food processing, manufacturing, small businesses just starting and some big office spaces. The public space, such as roads and verges, is owned by the local authority. However, private plots are owned by individual firms. Figure 4.1 shows an impression of Brackmills Industrial Estate.

**Figure 4.1: Impression of Brackmills Industrial Estate**

Source: Author

It is one of the largest estates of the UK with 11,000 people employed on the estate. Most of the companies came to the estate because of its proximity to the M1 and A45, and its good access. It is situated in what they call the 'Golden Triangle' (Interview Patrick, Northampton Enterprise Ltd, 2010). You can reach a great part of the UK within the drive time the drivers have to stop to take a rest. This is the reason there is a big sector of logistics and distribution. From Brackmills the companies have easy access to 57% of the UK's population and to 50% of production companies within 100 miles, by the national motorway network (Brackmills Estate Group, 2009). The exact location of Brackmills can be found in figure 4.2.

Figure 4.2: Map Brackmills Industrial Estate



Source: Google Maps (2010), modified by author

#### 4.4.1 Leading actors

There are several actors, non-human and human, involved in the Brackmills Industrial Estate BID. Before the establishment of the BID, most of the actors were already active in forming some form of industrial estate management at Brackmills.

##### *Junction M1/A45*

Brackmills Industrial Estate owes its economic performance to its location near the junction M1/A45. Because of its location Brackmills could develop a thriving transportation and distribution sector. However, the junction also creates problems such as congestions for entering the estate.

##### *Northamptonshire Enterprise Limited/Business Park & Industrial Estate Manager*

Northampton Enterprise is a private limited company but funded by various government sources. Their purpose is to develop the Northamptonshire economy



and support job creation through assisting Northamptonshire's economy, supporting & developing businesses, people and communities, enabling business and market and promote Northamptonshire (Interview Patrick, Northampton Enterprise Ltd, 2010). The inward investment team works on supporting businesses. The Business Park & Industrial Estate Manager, working for that team can be considered as the driving force behind industrial estate management at Brackmills. She personally came up with the idea of setting up an Estate Group. The Estate Group would consist of representatives of businesses on the estate, voluntarily working on improving the overall image of the estate. The Business Park & Industrial Estate Manager started talking to the individual businesses and identified some common problems like no community or awareness of neighbors, no overall control or responsibility for the estate, parking/congestion issues and crime and the poor conditions on the estates. She then fed those common issues back to the businesses and sold them the idea of an Estate Group; working together – as one voice – enabling lobbying to solve these issues. Through the Business Park Manager the first associations between businesses were made. Gradually these associations grew and evolved into a network of the business community.

#### *The Business Community*

The businesses on the estate had no contact with their neighbors and therefore there was no community (feeling). They worked and acted as sole identities, preoccupied by their own business. Through the Business Park & Industrial Estate Manager they became aware that their (individual) issues with parking and crime, where in fact common issues. The businesses started talking together, made associations with other businesses and started to exchange information. The individual business started to form a network and became more of a business community.

#### *The Brackmills Estate Group*

The aim of the Business Park & Industrial Estate Manager was to set up Estate Group for the businesses to cooperate as one identity to solve the issues on Brackmills. Within the Business Community several businesses came forward that wanted to participate in the Estate Group. In 2005, those representatives of the Business Community formed the Brackmills Estate Group. The group met regularly to discuss common issues and ways of addressing these (Brackmills Industrial Estate, 2009). With support of Northamptonshire Enterprise Limited the businesses on Brackmills formulated a document 'Brackmills – Business

Proposition regarding Solutions to the issues'. This document helped to raise the issues on the estate to a wider audience and stating the importance of the estate to Northampton and the local economy (Brackmills Industrial Estate, 2009). The Brackmills Estate Group became one voice.

Following the success of the main estate group, subgroups were set up to coordinate at a lower and more specific scale. The purpose of the subgroups is to translate ideas into practice (Interview Patrick, Northampton Enterprise Ltd, 2010, Corrigan and Smithson, Board members, 2010):

- Human Resources
- Environment & Corporate Social Responsibility
- Health & Safety
- Loss Prevention
- Procurement & Effectiveness
- Customer Services

*Northampton Police, County Council and Borough Council*

The Northampton Police was an important actor because of the great deal of crime at the estate. The police has knowledge on the best safety measures for the estates.

The County Council is the local authority for the Northamptonshire County, including the highway authority. Because of the location of Brackmills within the 'Golden Triangle', the County Council is mainly involved in issues concerning general traffic and safety issues (Interview Trimble, County Council, 2010).

The Borough Council is also a local authority but concerned with a smaller area. The Borough Council delivers the maintenance services on the estate (Interview Niall, Borough Council, 2010).

Northamptonshire Enterprise Ltd already worked with Northamptonshire Police, Northamptonshire County Council and Northampton Borough Council. Together they put a number of bids for funding applications for improvements (image and safety) for the estate. The Brackmills Estate Group continued to meet to allow businesses to be updated and also continued to input into the solutions being put forward by the public actors (Brackmills Industrial Estate, 2009).

Through Northampton Enterprise Ltd the Estate Group could make associations with the police, County Council and Borough Council. This cooperation formed a base for the establishment of the BID.

*BID Board*

The Brackmills Estate Group looked into a BID as businesses on the estate wanted to make further improvements and fund for the installation and maintenance of CCTV monitoring on the estate. The Estate Group would evolve into the BID Board, joined by representatives of the Northampton Police, Borough Council and Northamptonshire Enterprise Ltd. The police is represented because of the great deal of crime and the Borough Council as being the levy collecting party. Northamptonshire Enterprise Ltd takes part in the board as the professional organization to navigate the developments.

The subgroups formed under the Brackmills Estate Group remained their role.

*The Estate Manager*

The Brackmills Industrial Estate BID Business Plan stated there would be an Estate Manager appointed. The Estate Manager is the central point of all businesses on Brackmills Industrial Estate (Interview Barker, Estate Manager, 2010). The Estate Manager maintains good contact both with the BID Board and the businesses and is responsible for their communication.

**4.4.2 Planning strategy**

The Brackmills BID had quite a long history of management on the estate before it became a BID. Because of this, the businesses already started organizing improvements together. However, through time, there was a need for a more formalized organization. Because of this need, eventually the BID was set up. In this paragraph both the planning strategy towards the establishment of the BID as well as the planning strategy of the BID is examined.

The funding for CCTV cameras was the direct motivating factor for the establishment of the BID. One of the conditions for the CCTV funding proposal was that all companies on the estate agreed with the installation of the security cameras and would maintain them (Interview Patrick, Northampton Enterprise Ltd, 2010). The Estate Group send proposals to the businesses on how to organize and fund this project and given the conditions of the CCTV funding proposal, businesses felt they wanted to go down a BID, to make the estate even better.

A Business Plan for the BID was made through extensive consultation of businesses and employees. Brackmills Estate Group decided they did not want the Business Plan only to involve the CCTV, but gave the BID a broader scope including the maintenance and image of the estate (Interview Patrick, Northampton Enterprise Ltd, 2010, Interview Barker, Estate Manager, 2010).

The business strategy of the Brackmills Industrial Estate BID has a clear vision and aims. These were originated through a research and consultation process to gain information and support for the BID.

The effort to gain support has been very extensive in Brackmills. Involving a marketing developing consultancy company, the Estate Group targeted all 150 businesses for a questionnaire and 25% of those businesses were asked as representatives to participate in a detailed interview discussing the impact of the estate on businesses ability to operate effectively. On top of this, they asked employees about their perception on the estate and what future requirements should be necessary (Brackmills Estate Group, 2009). The research was conducted to identify key issues with directly impact on the businesses, to understand the views of people working on the estate and to identify factors that would make Brackmills more interesting as a place to locate a business.

Following the outcomes of the research the following vision was stated.

**Vision Brackmills Industrial Estate BID**

'To re-establish the Brackmills Industrial Estate as the premier logistics park in the country.'

(Brackmills Estate Group, 2009).

From this vision, several aims were derived. The principle goal was to provide an environment, which enables businesses to operate more effectively and profitably in the estate. To achieve this, a program of investment was developed which will be delivered through four strategic aims and their related projects.

The aims are translated in activities such as parking policy (yellow lines and enforcement of truck parking), maintenance and cleaning of the estate, CCTV security and collective buying power.

**Aims of the Brackmills Industrial Estate BID**

- to create a safe and secure environment for freight transport, customers and the people who work in the estate.
- to ensure that transport access to and around the estate and its businesses is easy, safe and effective
- to enhance the image and prestige of the estate to reflect the values of the businesses who operate from the estate
- To optimise resources through group buying and sharing of support services and products such as energy, waste management and transport

(Brackmills Estate Group, 2009).

The management of the BID is derived from the Brackmills Estate Group and the subgroups. The BID Board members are representatives from those paying the levy in the area, which will be responsible for safeguarding the interests of levy payers. The board also consists of representatives from the key partners (Police, Borough Council and Northamptonshire Enterprise) who will support the board as either directors or advisers. Membership of the board is voluntary and is undertaken with a commitment to represent the interests of all businesses in the area (Corrigan and Smithson, Board members, 2010). The board is responsible for the external monitoring of the implementation of the BID and to optimize the use of the budget.

The Brackmills Estate Group maintains its role of operational driver and coordinator of ideas and initiatives as the BID Board. The subgroups will translate the ideas and initiatives into delivery. This ensures both continuity and as wide a range of business participation as possible. This is important for maintaining the relevance of the delivery of BID activities.

An Estate Manager is employed by the BID Board to provide a central management and central point of contact for all businesses on Brackmills Industrial Estate (Interview Barker, Estate Manager, 2010).

The results of the ballot were quite positive. Despite of a turnout of 42%, 90% of these voters, voted positive towards the BID. Calculated on rateable value 95% were positive. So following the turn out requirements, the BID got established (National BIDs Advisory Service, 2010).

The BID wanted to build on what had already been established and to develop further on that (Barker, Estate Manager, 2010). Information is shared between all businesses and the BID is looking to use a group binding state of services. Most of the services are done per business, but they try to combine waste and recycle services for all the businesses. If that would be done collectively the effectiveness of group buying will benefit both small and bigger businesses. The bigger companies share information with smaller businesses in terms of policies, which saves the smaller businesses time and they would have never had access to that without the BID. Also the image of the estate and the general appearance is important to the businesses. To promote Brackmills they made an internet website that has all the information of Brackmills on it.

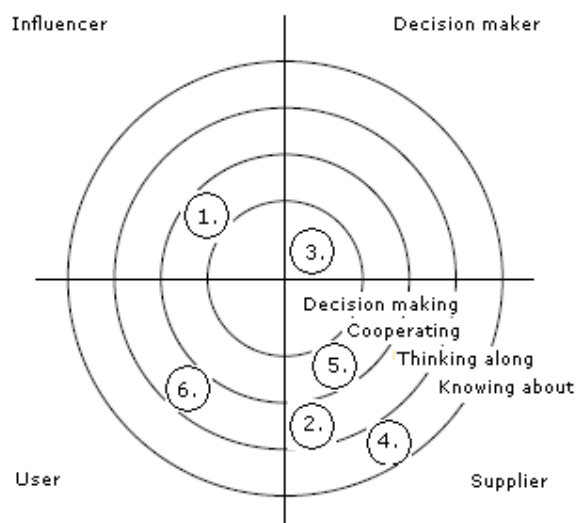
One of the recent issues raised is the problem of getting on to the estate because of peak time congestion (Interview Trimble, Country Council, 2010). As a

response to that the BID came up with the Brackmills Estate Travel Plan, not only for the estate, but for the wider Brackmills community. With the plan they try to reduce congestion and the number of vehicles on the road and to encourage people for car share, cycling and walking (Interview Barker, Estate Manager, 2010). The plan will also help the County Council reduce their problems on the highways, such as the amount of weight on the road each day. A second step would be to look at the number of speed humps on the road and the number of junctions leading to the estate and investigate if any improvement can be made (Interview Patrick, Northampton Enterprise Ltd, 2010).

#### 4.4.3 Stakeholder analysis

Concerning the Brackmills Industrial Estate BID the following stakeholder analysis can be drawn. The analysis makes clear what role stakeholder have and should have within the BID and what interests they represent.

Figure 4.3: Stakeholder analysis Brackmills



1. Junction M1/A45
2. Northamptonshire Enterprise Ltd/  
Business Park & Industrial Estate Manager
3. BID Board
4. Northampton Police, County Council and Borough Council
5. Estate Manager
6. Business Community

Source: Author

1. Junction M1/A45 is as a 'thing', an influencer of the developments on Brackmills, see chapter 2. The conditions of the junction determine a great part of

the problems at the estate. Decisions of the BID should be made with the surrounding of the junction is mind.

2. The role of Northampton Enterprise Ltd is that of a supplier of manpower, finances and other resources to the developments. They should think along with the development, because they can contribute to the BID. They should be involved in the development at proper times to bring ideas forward concerning the industrial estate management. The interest of Northampton Enterprise Ltd in the BID is twofold. On the one hand their aim is to develop Northampton's economy and supporting businesses. On the other hand they also want to sustain their own organization and finances. The BID offers them both.

3. The BID Board has a decision making role within the BID. They arrange and coordinate the operational work of the BID. The representatives on the BID Board actually participate in decisions about the BID. Their interest lays representing the business community and the public actors in the best possible way in order to solve issues among the estate.

4. The Northampton Police, County Council and Borough Council are suppliers of finances and manpower to the BID. These actors must be kept informed about the developments of the BID. The Northampton Police has an interest in the BID because they monitor the CCTV cameras. The County Councils interest concerns the activities of the BID towards the highways. The Borough Councils interests include a baseline agreement with the BID concerning the maintenance of the estate and agreements on how the levy is collected.

5. The Estate Manager is also a supplier of manpower to the BID. He cooperates and participates in the BID and effectively contributes to the development of the BID, but he is and should be controlled by the BID management.

6. The Business Community foremost is the user of the estate and the BID. They pay the levy and therefore they should also be able to think along with the BID. Through the vote in favor of the BID they have mandated the BID Board to represent their activities.

#### 4.4.4 Conclusions

The Brackmills Industrial Estate BID might be one of the most successful BIDs in the United Kingdom.

##### *Why a BID?*

In order to receive funding for CCTV cameras on the estate this voluntary organization needed to guarantee the maintenance of the cameras after they were installed. As a consequence they looked into the possibilities of a BID. The initiative to establish a BID came from the businesses themselves. With the professional guidance of Northamptonshire Enterprise Ltd, the Estate Group drew a BID Business Plan with the consultation of the entire business community and went for the ballot. The business community consisted of similar businesses.

##### *Organizational structure*

Key factor in is that before the BID got established some form of estate management was already present; the Estate Group. Northamptonshire Enterprise Ltd had facilitated the networking between businesses to self-organize them to undertake activities for the improvement of the estate. The Estate Group functioned on voluntary basis and had the non-committal (financial) support of businesses.

The BID adopted the organizational structure already present at the time of the Estate Group. The subgroups ensure participation from the business community. The addition of the BID to this organizational structure by appointing an Estate Manager has proven to be an asset. The Estate Manager is an approachable central point of communication for both the business community and the BID Board. The organizational structure of the Brackmills BID can be an example for other estate management initiatives.

##### *Facilitator of self-organization*

Because of the success, the BID is now looking to expand its activities. Within the institutional context of the BID legislation, the BID is not allowed to provide services the local authorities are responsible for. Therefore the BID is organizing to cooperate even closer with the Councils to get involved in the spatial developments surrounding the BID area, such as the highways. The self-organization in the Brackmills BID covers *social, spatial, economic* and *political* self-organization as stated in paragraph 6.2. The thought behind self-organization



to make business more responsible for their surroundings can thus be supported by this case study.

#### 4.5 Cannock Chase Industrial Estate BID

Cannock Chase was a mining and industrial region. When the mines closed in the 1980s, small industrial estates sprung up to drive business and generate income for former mining employees (Interview Pringle, British Business Parks, 2010). The buildings on the estates are some 30 years old and the quality and maintenance of roads and other the public areas are mostly below an acceptable level (Interview Pringle, British Business Parks, 2010). Roads and verges are partly owned by the local authority and partly by the private businesses. An impression of Cannock Chase Industrial Estate can be seen in figure 4.3.

Figure 4.3: Impression of Industrial estates in Cannock Chase BID



Source: Author

Traditionally these estates housed small and medium sized enterprises, mostly of an industrial origin. Over time they changed and some of them became more mixed use estates. Retailers were coming in, people selling kitchens or windows or conservatories. So they became mixed retail and industrial estates (Interview Pringle, British Business Parks, 2010). Especially those retailers found that the estates needed to look more attractive to visitors in order to make business. For more traditional (industrial) businesses this is not that important, because their customers don't come to see a nice industrial estate (Interview Pringle, British Business Parks, 2010).

The five involved industrial estates are (figure 4.4);

- Hawks Green
- Brereton
- Norton Cane
- Fairway
- Progress Drive

**Figure 4.4: Map of involved Industrial Estates in Cannock Chase BID**



Source: Google Maps (2010), modified by author

In total the estates house 288 businesses, ranging from small industry, trade and craftsmanship. Though the estates have a lot in common there are also differences. Within this BID, one of the important things is to deal with those differences.

#### **4.5.1 Leading actors**

The actors involved in the BID come from both the business and public partners. The initiators were the Image 2001 group and the British Business Parks. They joined forces in order to establish the BID.

##### *Image 2001*

In April 1995, the Cannock Gateway project commenced with the aim of improving the quality of life for residents and businesses in the most deprived areas in Cannock. More than £ 150 million was spent in the region over a period from 1995 until 2003, of which a part was spent on industrial estates. This Gateway project was driven by local government and heavily supported by the European Union (Cannock Chase BID, 2007). The Gateway project involved seven estates. They were purely picked because they were the most run down, oldest industrial estates within the district (Pringle, British Business Parks, 2010).

One of the most ambitious projects was Image 2001: the Business Area Improvement Program. The key objective of the Image 2001 was to improve the competitiveness of businesses located on some of Cannock's older industrial estates via a program of area wide and business specific improvements schemes, including landscaping, environmental and security based projects (Cannock Chase BID, 2007). The Steering Group of this project involved business men from the seven different estates involved; also called Image 2001. Over £ 1.5 million was invested in security and image improvements schemes.

Image 2001 was a voluntary group of businessmen whose target was to improve the situation of business in the Cannock Chase area. The directors of Image are all business men who have their businesses on the industrial estates. They were not elected or chosen by the businesses, but all volunteered for the job.

When this European and other funding ran out, the Image partners were looking into the several possibilities in order to continue their work.

##### *British Business Parks*

British Business Parks is owned by the Staffordshire Chamber of Commerce and Industry. British Business Parks is established in the late 1980s, for business that had become run down and aged. After helping out several businesses, they thought they could replicate this way of work for industrial estates.

They got involved in Cannock Chase by being asked by the Chamber of Commerce and the business representatives organized in Image 2001, to improve their businesses.

Looking for funding to keep up the activities of Image 2001, British Business Parks and Image 2001 together looked into the possibilities of a BID. A BID was chosen because of its obligatory character. British Business Parks can be regarded as the professional party to guide the establishment of the BID.

With the BID in place British Business Parks actually does the day to day management and fulfills an advising/supportive role for the BID Board.

#### *BID Board (Image Business Partnerships)*

Image 2001 evolved almost naturally into the BID Board of the Cannock Chase BID; renamed Image Business Partnerships. Of the original seven industrial estates in the Gateway Project, five were finally chosen as the estates included by the BID. The BID Board was therefore formed by the five businessmen representing the businesses on these five industrial estates. A representative of the Cannock Chase District Council sits on the BID Board as well. The District Council takes a seat as being the levy collecting authority.

#### *Cannock Chase District Council*

The local authority, the District Council, is an important actor in the BID because of the BID legislation; they are the levy collecting body. Furthermore, the District Council is responsible for the maintenance on those parts of the estates owned by the local authority. The BID cannot provide any services that should and are legally provided by the local authority.

#### *Staffordshire Police*

Another actor involved is the Staffordshire Police. Cannock Chase lies within Staffordshire County. They are involved because they can give guidance on what security measures could work, what are bad areas and what are weak points (Interview Pringle, British Business Parks, 2010). Since the CCTV cameras the role of the police has decreased.

#### *Coordinator of Cannock Chase BID*

In the Cannock Chase BID Business Plan a coordinator of the activities on the estates is appointed. The Coordinator of Cannock Chase BID coordinates the day to day activities of the BID, such as the contact with the contractors and the local businesses (Interview Baker, Coordinator of Cannock Chase BID, 2010). She is the central point in indicating problems or signaling discontent. Unfortunately she has some problems in communicating with the local businesses and seems unable to gain the support of businesses.

### *The Business Community*

The Business Community does not really exist in Cannock Chase. Local businesses work in solitude and do not feel the need to make associations with their neighbors. The BID had not been established based on a Business Community with common needs. All local businesses had a vote in the establishment of the BID. However, they say they did not understand properly what they were voting on. By door-knocking was found that many businesses had some discontent towards the BID because they did not see what they were paying for and how it could benefit them.

#### **4.5.2 Planning strategy**

*"Starting a BID is not an easy process. It is important to have a solid base, an organization of public and private partners who, together, are willing to start the BID"* (Interview Pringle, British Business Parks, 2010). Without such a starting point, the possibility of success is small. This paragraph gives insights in what planning strategy has been used to establish and uphold the BID.

When the European and other funding ran out, the Image partners were looking into the possibilities of a BID in order to continue their work. The industrial estates already involved in the Gateway project had different needs and different issues, so Image 2001 and British Business Parks knew that to create a BID it was important to tackle not just one focus but to consult the businesses on what their issues were and find common ground (Interview Pringle, British Business Parks, 2007). Image 2001 was altered into the initiator of the BID with back up of British Business Parks in the implementation of the BID. Image 2001 changed its name into Image Business Partnerships.

The consultation exercise commenced in April 2006 and demonstrated some need for services and activities (delivered through Image Business Partnerships). Response rates to the consultation had been at 42%. The companies who responded represented at least 60% of employees on the estates (Interview Baker, Coordinator for the Cannock Chase BID, 2010).

The common ground was usually crime and security issues, because they affect both retailers and industrial enterprises. The soft landscaping remains more important for the retailers. Crime rates in this area compared to other areas in the West Midlands are very low, but businesses fear of crime is just as high. They constantly fear it is going to happen to them (Interview Pringle, British Business

Parks, 2010). So crime or the fear of crime is the leading factor for collective engagement.

Two of the original seven industrial estates in the Gateway project gave a clear indication that they did not want the BID (Interview Pringle, British Business Parks, 2010). The common reason for these estates not to be included was that the businesses just didn't feel like they could afford to spend their money on BID activities. Besides some of those businesses felt they had no sufficient problems to be involved in the BID and they did not see the potential of the BID. Given the ballot for the BID has to be a majority vote, the initiators of the BID felt there was no point in including them. Unfortunately those two estates were the poorest areas, with the smallest businesses and the most industrial based. Eventually, the BID including just the five remaining estates went for the ballot.

The business strategy of the Cannock Chase BID had a clear vision and mission. These were used in their communication effort to gain support among businesses and to stimulate a positive vote of the ballot.

**Vision Cannock Chase BID**

"To become high quality business environments in Staffordshire, capable of attracting, developing and supporting a wide variety of businesses through the provision of safe, clean and connected business estates."

(Cannock Chase BID, 2007)

The mission of the BID for the first five year period is aimed at achieving visible results and increasing the entrepreneurs' knowledge and goodwill towards the BID. In the general mission this is described as follows.

The aims of the BID are reducing crime rates and the fear of crime and to make the industrial estates more attractive. To let the businesses take a little bit more pride in their environment; a cleaner, safer environment (Interview Pringle, British Business Parks, 2010). The main activities of the BID are therefore maintenance and cleaning of the estate and security measures such as CCTV and placing fences and barriers. Because there are five states involved, a package of basic services is delivered to all estates. The remaining levy is divided proportionally per estate; based on the levy income per estate drawn from the size of the estate and business volume. This proportion of the remaining levy can be spend at the

estates own discretion (Interview Baker, Coordinator for the Cannock Chase BID, 2010; Evans, Chairman of the Cannock Chase BID, 2010)

#### **Mission 2007-2012**

To promote Image Business Partnerships industrial estates as locations of choice for businesses in Staffordshire by working in partnership to focus on our three themes for improvement:

- Providing a range of support functions that will benefit all Businesses.
- Increasing business security and preventing crime.
- Implementing and maintaining image enhancements across the estates.

#### The Benefits

##### *Business Park Coordinator*

Locally based and working for you.

Reduced levels of Crime

Every business will be protected through the proposed security warden services.

##### *Connected Business Community*

Networking opportunities, Image newsletter, business directory and website and support services.

##### *Business Support*

Access to a wide variety of training services, environmental assistance, jobs and property bulletin boards via the website.

##### *Enhanced Image*

Landscape and improvement schemes, maintenance program for existing improvements.

##### *Business Led Partnership*

Working with you and for you by lobbying, promoting and developing the estates to improve your

(Cannock Chase BID, 2007)

BID Board meetings are monthly and are attended by the board members (Image Business Partnerships and the local authority), the Coordinator of Cannock Chase BID and occasionally the police and local businesses themselves.

After the period of consultation the actual ballot was thrown. The results were positive. The turnout was 44% and 62% of them were positive. Calculated on ratable value 68% were positive. The first year income should levy amount £150,000 (National BIDs Advisory Service, 2010).

During the first months of the BID there were problems with collecting the BID levy. Because of poor cooperation between the BID and the levy collecting

authority (the District Council) the levy bills were not sent out on time. The income of the BID has therefore been sparsely coming in (Baker, Coordinator for the Cannock Chase BID, 2010). But within the budget available the BID managed to maintain the estates by improving the general appearance and reduced the crime rates. However the poor cooperation with the Council also was visible in the maintenance of the estates. Where the BID improved the overall image of the estates, the parts owned by the Council were still not well maintained. Because of legislation, the BID is not allowed to take over the maintenance on these public areas. The BID can only provide extra services on top of the services provided by the Council. Therefore the only way to fix this problem is through better cooperation between the BID and the Council.

After some time questionnaires were sent to the businesses. Although the improvements by the BID were not visible at the start (due to the problems of getting the BID levy in); the businesses see the improvements now and feel safer on their premises (Interview Pringle, British Business Parks, 2010).

However the questionnaire also revealed that the understanding of businesses for the BID has failed in the way that businesses didn't understand the BID itself. Some businesses said there was misleading because at the time of the ballot they did not know where they were voting for. Because of the word bid and previous subsidy arrangements like the Gateway project, some thought they were bidding for funding and misinterpreted the fact that they were asked for a levy (Interview Pringle, British Business Parks, 2010). As a consequence not all businesses agree with the BID and its activities. They feel they are paying for things they do not want or need. As an example, some businesses do not allow the BID to maintain their verges. On top of that, in retrospective, businesses question why some estates were chosen to be in the BID and some were not.

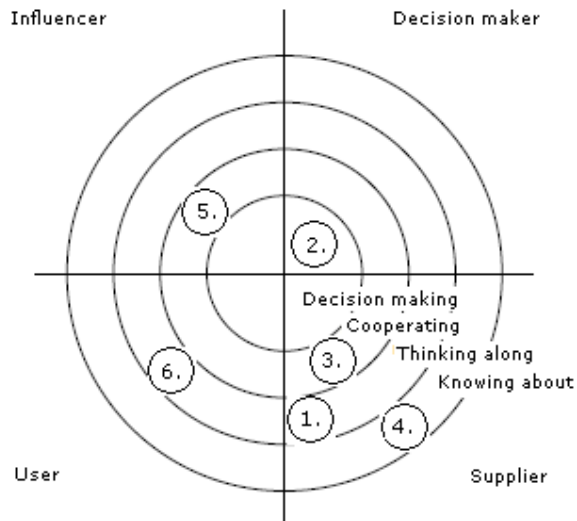
The BID Board is looking into ways to solve the issues raised in the questionnaire. Although the Board is representing the local businesses in the BID, they do not have the support of the businesses. A major task lies ahead for the Coordinator of the Cannock Chase BID to improve the communication between the BID and the businesses and to gain more support among them. If not, all the work done during the BID and the Gateway project will be reversed after the first BID period of five years.



### 4.5.3 Stakeholder analysis

Concerning the Cannock Chase Industrial Estate BID the following stakeholder analysis was drawn. Again, the analysis makes clear what role leading actors have and should have within the BID and what interests they represent (figure 4.5).

Figure 4.5: Stakeholder analysis Cannock Chase BID



1. British Business Parks
2. BID Board (Image Business Partnerships)
3. Cannock Chase District Council
4. Staffordshire Police
5. Coordinator of the Cannock Chase BID
6. Business Community

Source: Author

1. The role of British Business Parks is one of a supplier of manpower and other resources to the BID. At the same time they should think along the development of the BID. At proper times they could bring new ideas forward in helping the BID forward. The interest of British Business Parks in the BID is twofold. On the one hand they support the businesses as a professional organization to set up the BID. On the other hand they also want to sustain their own organization and finances.

2. The role of the BID Board (Image Business Partnerships) is decision-making concerning the BID. They decide which activities are carried out by the BID and how the levy is spent. Being seen as the representatives of the BID, they are the actors who also should make the decisions within the BID. Their interest in the

BID, next to representing the local businesses, is based upon the continuation of their role during the Gateway project.

3. The District Council is a supplier of the BID. Being the levy receiving party they supply manpower and resources to the BID. The Council should cooperate with the BID to actively contribute to the activities of the BID. The District Councils interests at this moment only include the collecting of the levy. However, it should also include a baseline agreement with the BID concerning the maintenance of the estates.

4. The Staffordshire Police is a supplier of manpower for the BID. They are responsible for the safety of the estates. However due to the CCTV cameras this role has slimmed down. This actor must be kept informed about the developments of the BID. The Staffordshire Police has an interest in the BID because they monitor the CCTV cameras.

5. The Coordinator of Cannock Chase BID supplies her manpower to the BID, but more importantly she can influence the developments of the BID. She is the one that coordinates between the BID and the local businesses. By influencing the communication between both, she can gain support for the BID. She should cooperate and participate with the BID and effectively contribute to the development of the BID.

6. The local businesses foremost are the users of the industrial estates and the BID. They pay the levy and therefore they should be able to think along with the developments of the BID. They can contribute to the BID. Since they are the levy payers of the BID their interests lay in the activities of the BID being an improvement for their business.

#### **4.5.4 Conclusion**

The Cannock Chase BID is a BID with some problems, especially towards the support of businesses.

#### *Why a BID?*

The Cannock Chase BID got established, while building forward upon the Gateway project. When the funding for this project fell away, other ways of financing were looked into. The BID would generate money by imposing a levy on the local businesses involved. The interest for the BID was not so much a need from the

local businesses to maintain the activities of the Gateway project. It was rather a need for finances, in order for Image 2001 to maintain their positions. The local businesses involve mixed industries

#### *Organizational structure*

The organizational structure of the BID differed slightly from Image 2001. Instead of seven industrial estates, only five kept involved in the BID. The decision to maintain only those five estates in the BID was purely chosen in order to get the BID through the ballot. Considering the fact that the two excluded estates were the most impoverished it is questionable that the BID was not promoted more thoroughly.

The weak promotion of the BID now also results into a weak support among the businesses involved in the BID. Businesses feel the BID was imposed upon them and they did not really understand the concept of a BID. The Coordinator of the BID at this point should step up and guide the communication between the BID and the business community. It should be made very clear to businesses what they will get in return by participating in the BID.

Instead of remaining Image 2001 as the BID Board, the BID should have looked at getting other businesses involved.

The institutional context and BID legislation are more understood as restraints of the BID instead of a condition to cooperate with. The Coordinator sees the Council as an unwilling actor instead of a possible cooperation party to improve the activities of the BID.

#### *Facilitator of self-organization*

One of the aims of the BID is to create a connected business community. The BID wants to facilitate the networking of local businesses. In addition the BID focuses on spatial issues to be solved by this network of businesses. In other words the BID tries to facilitate *social* and *spatial* self-organization.

Unfortunately because of the lack of communication and the lack of comprehension of the benefits of the BID among businesses, the BID has the opposite effect of stimulating self-organization. Instead the business community seems to withdraw from any activity taken by the BID.

## 4.6 Coventry City Wide BID

Coventry is the 9<sup>th</sup> largest city in England and the 11<sup>th</sup> largest in the United Kingdom. With a population of over 300,000, it is also the 2<sup>nd</sup> largest city of the Midlands, after Birmingham.

Coventry has had an enormous structural change since the late 1970s. The city was a predominately manufacturing city (18<sup>th</sup> and 19<sup>th</sup> century clock and watch manufacturing, in the late 19<sup>th</sup> century bicycle and motor manufacturing), but the public sector, the retail and distribution and the professional services, are now the dominant three sectors (Interview Oldridge, Coventry City Council, 2010). The needs per sector are different and have lead to differences in business sites (Interview Oldridge, Coventry City Council, 2010).

Figure 4.6: Impression of different estates/parks in Coventry



Source: Author



Centre Management Company was funded by the city council. They quickly realized that within the budget the city council had given them, if they were going to add extra, bring extra services and improve the city, they had to raise additional income. In 1998-1999, the City Centre Management Company thus set up a membership scheme: talked to retailers and businesses and pleaded for additional fees from the businesses to improve the city centre. The membership scheme worked and with a small amount of money from each business they could return extra services to the businesses. The scheme kept up for several years (Interview Niccolls, CV One, 2010).

By that time the central government was talking seriously about BIDs. One of the business managers of the City Centre Management Company went to talk at central government level and helped establishing the UK BID legislation. In 2002 Coventry city centre went up for a BID, turning the membership scheme into the Coventry City Centre BID. The City Centre Management Company was renamed CV One (Interview Niccolls, CV One, 2010). In February 2008, the City Centre BID was voted positively for a second term, lasting until 2013.

The successes and positive progress of the City Centre BID encouraged CV One to bring forward another BID proposal; the Coventry City Wide BID. The BID would involve a totally different sector; instead of retail, like in the city centre, the focus is on industrial estates and business parks. CV One being responsible for various services in the City Centre BID, crime reduction, CCTV monitoring, ICT connectivity and the image of the city, thought it could replicate those services for all businesses in Coventry. Already familiar with such a scheme they could expand their working area. They sought cooperation with the Chamber of Commerce to initiate the City Wide BID.

#### *Coventry and Warwickshire Chamber of Commerce*

The Chamber of Commerce is a membership based and membership-led organization which exists to serve the best interests of businesses in Coventry and Warwickshire. The membership at the Chamber of Commerce is not obligatory. Their role is to advocate the interests of businesses and to be the voice of those businesses in development prospects and opportunities (Interview Oldridge, Coventry City Council, 2010; Interview Scott, Scott, Armstrong and Skinner, entrepreneurs and members of the Board of Directors, 2010). Due to reorganizations, the Chamber lost funding and could not maintain all of its services provided for businesses. Initiatives such as the Business Area Champions, experienced managers providing hands-on help for businesses with local issues,

would cease to exist. The BID would provide the Chamber with new funding to uphold initiatives such as the Business Area Champions. Together CV One and the Chamber, both for their own reasons, applied for the BID.

#### *Coventry City Council*

The City Council received the BID application put forward by CV One and the Chamber of Commerce. The City Council had the formal role of deciding whether or not it would support the BID. As the BID was in line with current priorities and policies it was agreed upon (Interview Oldridge, Coventry City Council, 2010). At the same time the Coventry City Council was planning a fibre optic Wide Area Network (WAN) throughout the city to connect all public buildings (Oldridge, Coventry City Council, 2010). By creating a City Wide BID, all estates and business parks would be connected to the fiber optic network as well, delivering high speed broadband internet and CCTV camera security to all businesses.

#### *BID Board (Coventry Best for Business)*

With the approval of the City Council a BID proposal was drawn. A BID management company was set up by the BID Steering Group, named Coventry Best for Business. It should be noted the BID Steering Group at this point only consisted of CV One and the Chamber of Commerce. Coventry Best for Business, is a private company limited by guarantee, specially set up for the BID. The tasks of Coventry Best for Business is controlling the BID levy and where it is spent on, communication towards the businesses and to overlook services being delivered to the levy payers. On top of the BID company sits the BID Board. The Board consists of a chairman representing an organization covered by the BID, a Chief Executive of the BID, a representative of CV One, the Chamber of Commerce and the City Council. Also twelve representatives of all different businesses on the estates take a seat in the Board. Because the Board was appointed by the BID Steering Group, elections for the positions of the twelve business representatives should be held one year after the BID got established.

The BID Company and BID Board were formed by existing associations of the BID Steering Group. The Chief Executive is a former Chief Executive of the West-Cheshire and North-Wales Chamber of Commerce. All other representatives on the Board as well were appointed by the BID Steering Group.

All contracts for the activities of the BID were also signed to CV One, the Chamber and the Council.

- Business Area Champions (BAC's) – Coventry & Warwickshire Chamber of Commerce.
- Security and City Image - CV One
- WAN – Wide area network – Coventry City Council

#### *The Business Community*

The BID involves 2.500 businesses on approximately 80 industrial estates. At the moment of establishment of the BID there was no sense of community among the businesses. Businesses did not know their neighbors, let alone with other industrial estates. The establishment of the BID did not change this fact.

#### **4.6.2 Planning strategy**

The Coventry City Wide BID was the second BID established in Coventry. Both the success of the City Centre BID and the City Council fibre optic network were the incentives for the City Wide BID (Interview Reid, Coventry Telegraph, 2010).

Coventry Best for Business was set up as the City Wide BID management company. They manage the services being delivered to the levy payers and handle the BID (Interview Reid, Coventry Telegraph, 2010). The Coventry Best for Business Business Plan, states the vision and strategy, the scope of the BID, the organisation and management and the BID benefits package. The business plan is supposed to be agreed upon by the businesses and to reflect the issues and needs raised (Interview Scott, Scott, Armstrong and Skinner, entrepreneurs, 2010).

**Vision Coventry City Wide BID**

“Making Coventry the best place in the UK to do business.”

(Coventry Best for Business, 2007).

The strategy to this vision is to create an environment that is free of crime, connected, supportive and easy to negotiate, presenting a positive image of the city and reduce costs. By providing short term payback, business will be able to identify areas where the BID is working for them, either reducing costs or increasing opportunities (Coventry Best for Business, 2007).

The scope of the BID is intended to be 'city wide' and as such will be the first BID in the UK to cover a whole city. This scope enables the BID to have a critical



mass, and therefore the income, to make a real difference (Interview Oldridge, Coventry City Council, 2010).

The scope is limited under current legislation to one local authority. Therefore it is not possible to extent the BID beyond the boundaries of the city, even where a business park is very close (Interview Oldridge, Coventry City Council, 2010).

It was decided that the scope of the BID would not cover all 7,000 businesses in the city (see: Scope definition). It would be impossible to effectively communicate with all of them and the economics of providing benefits for a huge amount of small businesses would be prohibitive (Interview Oldridge, Coventry City Council, 2010).

#### Scope definition

All business premises within the City of Coventry that are situated on business parks, industrial estates or industrial/business areas, where "Industrial/business area" means a well defined group of significant numbers of business premises, AND all business premises with a rateable value > £200,000 within the city boundaries but outside recognised industrial/business areas.

#### Further definitions

- Retail and/or leisure sector parks and retail business areas are excluded, EXCEPT where a retail or leisure sector premise forms an integral part of a business park when it will be included
- Where a business park and premises within that business park cross the city boundary, that business park will be excluded
- The city centre is one business area

#### Exclusions

- Any premises that is part of the existing City Centre BID
- Emergency Services
- Large free standing retail and leisure sector premises

(Coventry Best for Business, 2007).

All businesses that fall within the scope definition will be the levy payers of the BID. All businesses that are developed conform this definition after the BID has come into place will also be liable for the BID levy.

The BID levy will be 1,5% of the rateable value plus a flat rate of £200 for every hereditament. No single organization will pay a BID levy in excess of £25,000 (Coventry Best for Business, 2007).

The BID is providing one benefits package for all the levy payers. Given the great variety of businesses and locations, the BID benefits package has been designed to provide a broad and flexible range of benefits. By keeping the benefits package

flexible the BID will hold some advantages for each business in the area, regardless of their specific needs. In other words regardless of the fact that a business is located at a industrial estate, business park or science park, the benefits package will provided at least some advantages (Interview Oldridge, Coventry City Council, 2010; Interview Reid, Coventry Telegraph, 2010). The objective of the benefits package has been to improve the environment on all sites. There are five main areas of benefit, which are as follows:

**Benefits**

- **Reducing business crime;** CCTV and mobile patrols
- **IT applications & connectivity;** free broadband internet and connection to City Councils Wide Area Network (WAN)
- **Business Area Champions;** team of experienced managers, each responsible for an area in the city, providing hands-on help with local issues
- **Perceptions of the city;** improve reality (more vital offer), improve perceptions (communicating nationally and internationally) and inward investment (promoting local businesses)
- **Bulk Procurement;** collective procurement arrangement, using buying power for common goods and services

(Coventry Best for Business, 2007).

In February 2007, the BID proposal went for the ballot. The BID ballot had a turnout of only 33%. However, the BID was voted through by 54% of all voting businesses (meaning about 17% of all businesses were in favor of the BID). The 54% of business corresponded with 59% of the total rateable value.

While the City Centre BID was a success, the City Wide BID faces many problems. Over time there is a lot of criticism coming from the businesses and the BID is now facing a wind up. So what went wrong?

For the businesses the scope of the BID is a big issue. With 2,500 businesses on 80 business sites, including both industrial estates, business parks and science parks, it is difficult to find common ground. Even though the benefits package is conceived as flexible, business feel they are paying for services they don't need or services which are beyond their reach and advantages, like the Godiva festival (Interview Scott, Scott, Armstrong and Skinner, entrepreneurs, 2010). In order to improve the perceptions of city and to advertise the local businesses a large amount of the BID levy was spent on the Godiva Festival; a free festival for Coventry citizens (Interview Reid, Coventry Telegraph, 2010). The business feel that their money was spent inappropriate and not to their advantage. Industrial

estates need CCTV and security measures, but do not need improvement of the overall image of the city. The differences seem bigger than the common grounds. One of the services provided by the BID was the Wide Area Network. In order to place the fiber optic cable the BID company, Coventry Best for Business, was given a two year loan by the Coventry City Council (Reid, Coventry Telegraph, 2010). The loan would be reimbursed when the levy would be collected. The businesses felt they were tricked into paying for the Wide Area Network instead of the City Council paying for it (Scott, Scott, Armstrong and Skinner, entrepreneurs, 2010). From the start the Wide Area Network was meant to connect all public buildings, not the local businesses. Therefore the City Council should have been the one paying for it.

Another service of the BID was the Business Area Champions. They used to be one of the services of the Chamber of Commerce, but the Chamber of Commerce lost some of its funding and repelled the Business Area Champions into the BID (Interview Reid, Coventry Telegraph, 2010; Interview Scott, Scott, Armstrong and Skinner, entrepreneurs, 2010). Again local businesses felt they were used as milking cows for the Chamber to enhance its funding (Interview Scott, Scott, Armstrong and Skinner, entrepreneurs, 2010).

Another problem is huge delays of service delivery. For the delivery of the fiber optic network, the City Council signed a contract. But, because of delays, the levy payers did not receive the broadband internet or the CCTV cameras they were already paying for.

Overall, the businesses plead that there was no democracy at the time of the ballot and the organization of the BID (Scott, Scott, Armstrong and Skinner, entrepreneurs, 2010). Many businesses were not consulted over the establishment of the BID. Some even say they did not receive any notification of the ballot and therefore did not have the opportunity to vote at all. Considering the turnout with a percentage of only 33% and a positive vote of only 54%, the business feel democracy was lacked and the BID should have never been established. Just over 400 companies could uptake 2.100 companies to pay an extra levy (Scott, Scott, Armstrong and Skinner, entrepreneurs, 2010).

The organization of the BID was also a democratic deficit. The initial board was appointed and was supposed to be replaced by a board voted on by the levy payers within a year. However, after the first year of the BID, the BID Board was still seated.

#### 4.6.3 Changing actors

Because of all the problems with the BID, like the disagreements over the services provided and the delays in the delivery of those services, local businesses started to get involved in the BID.

##### *The Coventry Telegraph*

After some time it became apparent that there was dissatisfaction with local businesses concerning the BID. Some journalists came to see John and Dina Scott, entrepreneurs on one of the small industrial estates within the BID. John and Dina were consulted before the BID got established and had expressed they did not want the BID. No with the BID in place they were very frustrated over what was going on. So John Scott told the journalist he would rather go to jail than pay the levy. The journalists used this phrase as the headline for the article. The article also mentioned the Scotts contact details and anybody that would want to express any feelings at all could contact them.

##### *John and Dina Scott/the Wreckers*

John and Dina were curious to know whether they were the only ones to feel this way or if there were more. They were contacted by many businesses that did not want the BID either. All these businesses were listed and gradually this grew into a network of protesters over about a two year period. For two years this fairly small group of businesses was fighting the BID, by not paying the levy. Since BID regulations state not paying the levy is a criminal offense, they all had bailiffs coming round. During the two years they had public meetings were about 120 people attended and they started to formalize a protest group. They started to campaign against the BID through websites and talking to other businesses. At some point they found out that there never had been elections covering all representative positions as stated in the business plan, underscoring the lack of democracy.

This network of local businesses was called the Wreckers by the BID company.

##### *The New BID Board (the Wreckers)*

Because of the controversy over the BID, the Wreckers insisted that new elections over the BID Board would be held. The elections were finally held in 2009 and since September 2009 many of the Wreckers now hold a position as Board member. From their position as Board members they found even more deficits concerning the BID. The Board started looking into ways to alter the BID or wind it up completely. Because of these changes the representatives of CV One, the Chamber and Council all one by one resigned from the Board.

The consequence is that the BID is now more business-led but also facing a wind up.

#### *The Business Community*

Although some businesses have formed a network, there is still no sense of an overall business community. Because of the scope of the BID, the representation of the businesses in the Board is still very slim. There are 2.500 businesses involved which seem to be just too much to talk about one business community.

#### **4.6.4 New planning strategy**

With the new board finally in place, it was formed by entrepreneurs looking to wind up the BID. Interesting is that the businesses claim they are not against the principles of a BID, they are just against the organization of this BID (Scott, Scott, Armstrong and Skinner, entrepreneurs, 2010). In order to do wind up the BID, following BID legislation, an alteration ballot is needed to alter the period of the BID. To get an alteration ballot, their need to be enough support by the local businesses and other parties involved (CV One, the Chamber and the Council). For the alteration ballot, the same voting procedures must be followed as for the normal ballot.

But even if an alteration ballot is in place, much money is already spent by the BID. Levy payers could never get their money back. To make matters even worse, the City Councils has declared it will continue to collect the levy among levy payers, because the loan that the Council gave the former BID Board for the Wide Area Network has not been paid of. The Council now holds the current BID Board responsible for paying of that loan. Thus, either way the continuation of the BID and the winding up of the BID will cost the businesses more money (Interview Reid, Coventry Telegraph, 2010).

The strategy to be followed by the new Bid Board is explained in the following letter sent to all levy payers.

**April 2010**

**Dear Levy Payer,**

It is our considerable frustration that we see that Coventry City Council (CCC) acting as the Billing Authority, has demanded another Levy from the business community. Since becoming directors of the BID company in September 09, we have uncovered incompetence, profligate misuse of levy payers' monies, bizarre financial arrangements, and questionable actions in the previous administration of this company. It has taken 6 months of hard work just to uncover all this.

The current Board of Directors (all voluntary work!) have been so concerned about this that we engaged a Queens Council for legal advice. It is his opinion that Coventry City Council have acted illegally by withholding the 2009-2010 levy which was collected on behalf of the BID company, and which should have been transferred to it to service activity. The CCC have taken upon themselves to call in a loan two years prematurely. This loan of Levy Payers' monies, on which they charged 5.75 % interest (!!) was originally intended for the purchase of equipment for the ICT project and also to service the very considerable charges from CV One and the Chamber of Commerce for camera monitoring (even if not installed!) the Godiva festival and Godiva Awards (!) and to enable BID company to pay for the Chambers hired 'Business Champions'.

You may question the whole concept behind all these projects. This Council loan to Coventry Best for Business (CB4B) was not in the original business plan. The plan stated the transfer of monies should have been between CV1 and the Council, and should never have involved the CB4B directly. We have been constantly assured by the 3 players that this business plan was the 'Bible' for the BID company activity. Evidently not!

As CB4B is denied levy money by the Council, it is technically insolvent as it cannot pay its main creditors, namely CV One and Coventry and Warwickshire Chamber of Commerce and others who patiently wait.

There is no possibility that any of the services originally promised by CB4B but orchestrated by the CCC and Chamber and CV One can be supplied or continued by CB4B, given the immediate situation. We suspect that the whole planning was seriously financially flawed from the start, quite apart from these grandiose projects.

Our efforts to bring about an Alteration Ballot have been constantly thwarted by CV One and The Chamber. Despite two public meetings and our questionnaires sent out to levy payers to gauge opinion; with more than 90% of more than 1000 votes on paper or at two public meetings wanting the BID company and all this activity closed down as soon as possible, these two organizations have questioned the validity of the consultation process at every step, and refused point blank to accept the resulting opinion. Even their own consultation gave an over whelming vote against it. Also the Chamber members themselves voted 75% to close the whole thing down.

It is our understanding from a member of the Council, that this new levy demand is only **to pay off in full**, all of the **public sector organizations** responsible for the birth of this catastrophic venture and is not for services to the Levy Payers. As stated, we have been advised by a Queen's Counsel that these actions by the Council are unlawful, and we would suggest you write to the Council to obtain a **written detailed explanation** of why they disagree with this opinion. You may also wish to request a full financial statement which, to comply with the law, the Council should have made available to you before another levy demand was made.

'Mr Chris West Finance Director, Coventry City Council has requested a meeting. We agree with his suggestion, and think this would be an opportunity for him together with Mrs. Millet from CV One, and Mrs. Bennett from the Chamber of Commerce, to explain to the levy payers directly, why it is necessary to waste further money on the significant costs involved in appointing a receiver to stop this Levy. We would suggest that your payment of the 2010 - 2011 levy should be postponed until this meeting has taken place, as has already been stated, there is some doubt over the legality in issuing this levy, which Mr West may well be able to clear up during the proceedings'.

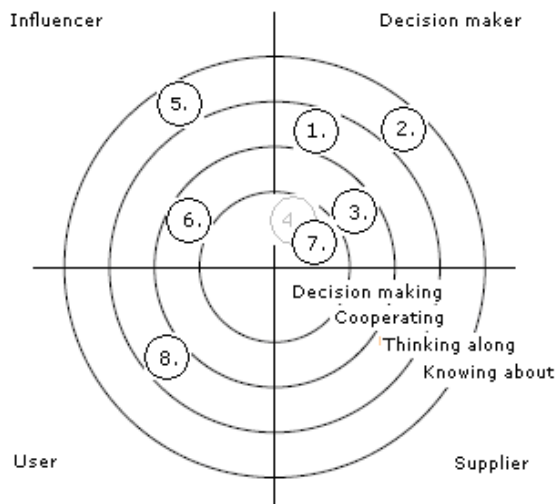
**From the Board of Directors**

The current situation is thus that the BID Board is still fighting to get the BID wind up. Meanwhile, the Coventry City Wide BID has got known among other BIDs as a worst case scenario. Hopefully they will all take lesson from the controversies of this BID. The Wreckers propose for the National BID Advisory Service to set up an organization that checks all BIDs for legitimacy and that evaluates their actions. The legacy of the City Wide BID will be that, although some businesses have formalized themselves as a protest group, no for of industrial estate management will get established in Coventry any time soon (Scott, Scott, Armstrong and Skinner, entrepreneurs, 2010).

#### 4.6.5 Stakeholder analysis

Coventry City Wide BID has undergone changes in the composition of leading actors involved. The stakeholder analysis partly shows this shift towards the businesses. As with the previous analyses, the analysis makes clear what role leading actors have and should have within the BID and what interests they represent.

**Figure 4.8: Stakeholder analysis Coventry City Wide BID**



1. CV One
2. Coventry and Warwickshire Chamber of Commerce
3. Coventry City Council
4. BID Board (Coventry Best for Business)
5. Coventry Telegraph
6. John and Dina Scott/the Wreckers
7. BID Board (the Wreckers)
8. Business Community

*4. is in grey, because Coventry Best for Business was the decision-maker until August 2009. In September 2009 the Wreckers, 7., took over the BID Board and became the formal decision-makers*

Source: Author

1. The role of CV One is peculiar in the City Wide BID. CV One originally would have intended to be a supplier of services and resources to the BID. They have experience with the City Centre BID and could provide the City Wide BID with knowledge. Therefore CV One should only think along with developments of the BID and occasionally cooperate in the development of the BID. CV One instead has taken up the role of co-decision maker. It became clear that the interests in the BID of CV One were more aimed at maintaining and expanding its status as driving force behind the image of the city.

2. The Chamber of Commerce was the supplier of Business Area Champions for their members before the BID. However, the BID levy payers are now paying for the Business Area Champions themselves. The role of the Chamber of Commerce is therefore questionable since they seem to want to participate more in the BID as a co-decision maker, while they should only be informed about the developments of the BID. Their interests in the BID are mostly financial. Because of the BID they could maintain the Business Area Champions through alternative funding; the BID levy.

3. The City Council approved the application for the BID. Being the levy receiving party they are supposed to supply manpower and resources to the BID. They should therefore cooperate with the BID on collecting the levy. The City Council however lent a loan to Coventry Best for Business, making them a creditor of the BID. At this point they made themselves decision makers in the BID; collecting another years levy to pay of their loan.

4. The former BID Board, Coventry Best for Business, was the official decision maker within the BID. Due to the initial appointed Board it is questionable of the whether the Board consisted of representatives of the various estates and thus if the right people were making the decisions. As CV One, the Chamber and the Council were also represented in the Board, it is questionable who the real decision makers were.

5. The Coventry Telegraph (and other media) is an influencer of the development of the BID. They should be kept informed about the developments of the BID, because they can determine the overall conception of the BID. The Coventry Telegraph has proven it's influenced as being the medium to create a network of local businesses.



6. Two driving forces between the forming of the Wreckers were John and Dina Scott. By providing their contact details they became the leading actors in forming the Wreckers network. The Wreckers are influencers of development of the BID, through their campaign against the BID. Because they are better accessible for local businesses than the BID Board they should cooperate alongside the BID and actively contribute to the developments. The interest of the Wreckers in the BID is to at least alter or wind up the BID.

7. The new elected BID Board, largely composed of the Wreckers, is at this point the decision maker concerning the BID. Because the Board was elected, they represent the interests of local businesses and are thus the rightful decision makers. However, in their decisions they face resistance from CV One, the Chamber and the Council. Their interest in the BID is to represent the interests of the businesses.

8. The various businesses, business community, foremost are the users of the estates within the BID. They pay the levy and therefore they should be able to think along with the decision makers of the BID. The scope of the BID and the organizational structure however make this very difficult.

#### **4.6.6 Conclusions**

The Coventry City Wide BID shows a wide range of problems concerning the BID.

##### *Why the BID?*

The BID got established because of the expansion drive of CV One and the loss of funding by the Chambers of Commerce. It was approved by the Council because it was in line with current policies and the Council saw the potential to interlink the BID with the Wide Area Network it was planning to develop. There was no common need among the businesses to start up the BID.

##### *Organizational structure*

The BID could not build forward upon a previous form of management and had to set up a new BID company. The BID Board has twelve representatives of the businesses within the BID. They represent the various industrial estates, business parks and science parks within the BID. Next to these board members representatives of CV One, the Chamber and the Council sit on the board. The Council takes a seat as the levy collecting authority, but the representatives of CV

One and the Chamber are questionable. They seem to represent their own interests rather than the businesses interest,

Although the great amount of businesses involved in the BID, the organizational structure does not include any subgroups to enhance the participation of the businesses.

The BID Board got newly elected in September 2009 and the BID became more business led. However, due to the size and variety of businesses in the BID, the BID will always have difficulty representing all business in the BID.

*Facilitator of self-organization*

The general opinion among the businesses is that the BID was imposed on them. The ballot was a democratic deficit and the activities of the BID were not seen as benefits. There was no self-organization among businesses happening under the BID.

However, the resistance towards the BID did trigger self-organization. Businesses got in contact with each other, discussed their feeling about the BID and formalized themselves into a protest group. They started to campaign against the BID through websites and talking to other businesses. This is a good example of *social* self-organization.

By getting voted on the new BID Board, the Wreckers are now able to influence the further development of the BID. In this case a wind up of the BID.

## 4.7 Conclusions

The findings of the three case studies in the Midlands lead to the following conclusions. It is particularly aimed to look at the different experiences of the three studies with the concept of a BID, the approach to organize a BID on existing estates and the opportunities for the further development of self-organization of businesses.

The emergence of BIDs in the United Kingdom demonstrates the lifecycle theory on industrial estate. To prevent the estates from total decline maintenance or even restructuring is needed in order to facilitate the needs of businesses better. The BID, as a form of industrial estate management, aims to prevent further decline and to improve the image of the estate.

The case studies have given a diverse image of the BID as a form of industrial estate management. To start there can be drawn several strengths;

- A BID is obligatory and ensures a (five year) levy income for activities.
- A BID has a strong organizing capacity.
- The BID regulations give support and provide a framework for cooperation.
- The business community collectively determines the quality of the industrial estate(s).

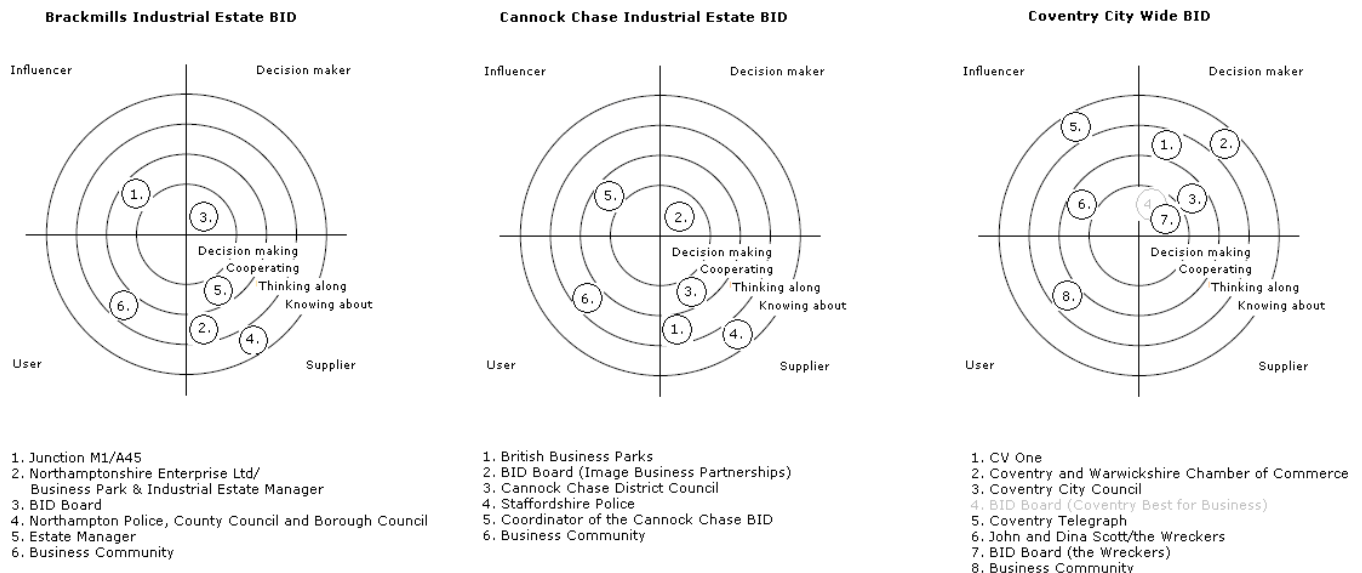
However, there are also some weaknesses to reconsider;

- Public and formal organizations are the foremost initiator of the BID and can be regarded a top down process.
- It seems to be a repair of government failure and the loss of public funds.
- A BID requires a homogenous group of businesses.
- A BID is directed only at minimal and basal activities (safe and clean).

These strengths and weaknesses are substantiated by the findings of the case studies. A BID can achieve the best results if the businesses in a BID represent a homogenous group of businesses; in other words if businesses come from a similar industry. As a result the businesses are assumed to have the same needs and interests. Also the area the BID covers is important to the success of a BID. A BID including only one estate has the advantages of proximity. Industrial businesses work very solitude and have very limited contact with their direct neighbors. A BID can get businesses in contact with their neighbors and other at

the same estate. If more estates are included in to one BID, the adverse effect will show. Businesses need to be close to feel a sense of community.

To map the differences in organization of the three case studies the stakeholder analyses are compared.



The Brackmills Industrial Estate BID and Cannock Chase Industrial Estate BID show a similar stakeholder analysis; several suppliers of the BID and one decision maker. The Coventry City Wide BID however shows that actors take the role of decision makers upon them. This is part of the problem with the BID in Coventry. There are too many public actors with an influence over the decision making that the businesses no longer regard the BID as theirs.

The organizational structure of the BID is largely responsible for this outcome of the stakeholder analysis. With the Coventry BID there are more representatives in the Board than just the business representatives, a representative of the professional organization and a representative of the Council. Through this the interests of the businesses are not represented best, because some actors are acting to represent their own interests.

The success of the Brackmills BID is also a result of the organizational structure. The BID could build forward upon the voluntary and supported estate

management. Besides, the organization of the BID includes subgroups so businesses can be easily involved in the BID.

A BID as facilitator of self-organization is unfortunately limited. In all three cases *social* self-organization arises as it contributes to the social cohesion on the estates. In the case of Cannock Chase the BID barely reaches *spatial* self-organization because many businesses disagree with the activities of the BID. Only in the case of Brackmills the BID facilitate also *economic* and *political* self-organization. The active business community is willing to co-invest in economic activities and by good cooperation with the local authority the gap between government and businesses is bridged.

The reason for the presence of also *economic* and *political* self-organization in the Brackmills BID is closely related to the organization of the BID, the BID including only one estate and the similarities between businesses.



## Chapter 5: The West-Achterhoek cases

### 5.1 Introduction

In this chapter the two case studies in the Netherlands will be researched by using the theoretical framework and stakeholder analysis. The situation of the West-Achterhoek has been elaborated on in chapter 1. In this chapter the industrial estate management initiatives in the West-Achterhoek are central. The leading actors will be explored and a preliminary conclusion will be drawn whether a BID would be suitable for the West-Achterhoek situation as well.

### 5.2 Institutional context

In the Netherlands the Rijksoverheid is the central government. The Dutch government is highly decentralized and more localized authorities have binding powers as well. Those more localized authorities are the provinces and municipalities. The provinces cover large areas and accommodate services including health care, spatial planning and public transport. The provinces are divided into several municipalities, covering smaller areas and providing services including city development, traffic and transport, education and welfare and social affairs. The powers of the provinces and municipalities are binding but only in those areas where they are not in the jurisdiction of the government action. The taxes raised by the central government, the municipality may spend at their discretion.

Municipalities in the Netherlands are almost always the landowner of industrial estates. This, in comparison to the United Kingdom were many of the industrial estates (and parts of it) are owned by both public and private parties. The maintenance of the estates, public space, roads and verges, is therefore one of the tasks of the municipality. However, because of the preoccupation of

municipalities towards the development of new industrial estates, the maintenance of existing industrial estates kept behind. It has come to the point that the restructuring of existing industrial estates is necessary to uphold the municipality's economic performance. A major task therefore lays a head for those municipalities.

In contrast to the United Kingdom, the Netherlands also needs to deal with pressure on (scarce) space due to new developments of industrial estates in rural areas. One of the ways to deal with this pressure on space is to regenerate the existing industrial estates.

Like in the United Kingdom, the Netherlands also knows regional development agencies. The West-Achterhoek is covered by the regional development company OOST NV. They lead the economic development on industrial estates, working along side public and private partners (Interview R. Wolbers).

In the West-Achterhoek, OOST NV coordinates the regional cooperation between the four municipalities. The focus on the regional scale is in the Netherlands more present than in the United Kingdom. The decentralized character of the Dutch administration is partly responsible for this potential of the regional scale.

### **5.2.1 The regional cooperation**

As mentioned in chapter 1, the municipalities in the West-Achterhoek have started a regional cooperation to work together on the development of new industrial estates and the revitalization of existing estates. The municipalities have agreed upon this through a cooperation agreement and a financial equalization. As a result of this regional cooperation, the competition between municipalities over attracting firms to the own municipality is diminished. The regional cooperation of the West-Achterhoek is also consistent with national policy of the commission Noordanus, see also chapter 1. The national policy is aimed at promoting regional cooperation, equalisation of industrial estates at the regional level by using the SER-ladder and has a national fund available for initiatives which echo this aim, see also chapter 2.

The West-Achterhoek policy is an implementation of the institutional context created by Beautiful Netherlands and the findings of the commission Noordanus and the aims of the Province of Gelderland.



The researched case studies, Verheulsweide and the RBT, should be considered with regard to this institutional context.

### 5.3 Verheulsweide

Verheulsweide, being the largest industrial estate in Doetinchem, covers over 162 hectare and can be characterized as a mixed industries estate. The estate got established in the 1960s-1970s and has become aged and run down (Interview C. Wendel, municipality of Doetinchem). Verheulsweide can be seen as an estate which is every business for them and nobody controls or takes responsibility for the overall estate. This is reflected in the variety in quality of the buildings, the spatial planning and the poor quality of public space. For example, there does not exist any spatial vision for the estate or the businesses. Therefore the public space is a result of constraints and pragmatic solutions. Another example is the cluttered look of the estate, which has a negative effect on the image of Verheulsweide. Being an estate with mixed industries, the environmental category reaches the highest category (Interview C. Wendel, municipality of Doetinchem).

**Figure 5.1: Impression Verheulsweide industrial estate**



Source: Author

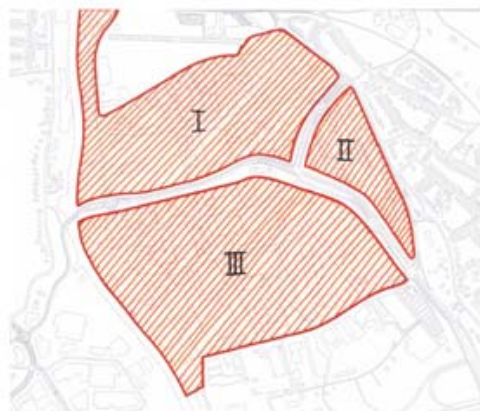
Figure 5.2: Map Verheulsweide industrial estate



Source: Google maps (2010), modified by author

Verheulsweide is conveniently located between various access ways; the A18 motorway and the ring road of Doetinchem. The estate can be split up into three main areas (Interview C. Wendel, municipality of Doetinchem). The first area locates relatively small-scales businesses. On the edge of the estate the municipality developed relatively new office locations. Because of the offices being relatively new, this second area is not part of the revitalization. The third location locates large-scale mixed industrial businesses.

Figure 5.3 Different revitalization areas within Verheulsweide



Source: Doetinchem (2009)

There were two clear reasons for the revitalization of Verheulsweide. First of all the estate is run down. The roads, verges and the overall image of the estate have declined in quality over the years. As a consequence there is a need for the revitalization to upgrade the estate (Interview Caroline Wendel, municipality of Doetinchem, 2010).

The second reason is the development of the RBT. To prevent businesses to migrate and relocate at the RBT Verheulsweide needs to be revitalized (Grontmij, 2009, Interview Caroline Wendel, municipality of Doetinchem, 2010). Although Verheulsweide locates also small-scale businesses, the large-scale businesses are at risk to migrate to the RBT.

But revitalizing the estate solely does not put a hold to the lifecycle of industrial estates from growth to downfall. In order to prevent the estate to decline in future years Verheulsweide is looking for ways of industrial estate management to maintain the estate at an acceptable level. Park management can make a significant contribution to this if public actors and businesses work together. Throughout the municipality of Doetinchem park management initiatives are emerging. At Verheulsweide the municipality wishes to connect the revitalization with the establishment of park management.

### **5.3.1 Leading actors**

There are several actors involved in the park management of Verheulsweide. Although the revitalization and the park management are still in progress, the actors involved can already be mapped.

#### *The province of Gelderland*

The province of Gelderland is an important investor in the revitalization of Verheulsweide. They advocate the policy to revitalize the exiting industrial estates and maintaining them for the future through forms of industrial estate management, such as park management. The province therefore sets requirements for the municipalities to follow in order to receive the contribution. Through the regional cooperation within the West-Achterhoek the requirements were met and subsidy for the revitalization of Verheulsweide is received.

#### *Municipality of Doetinchem*

The municipality of Doetinchem is responsible for the maintenance of the estate. Due to financial cuts within the municipality, less money will be spent for the maintenance of the industrial estate (Interview O. van Dijk & S. Kroon,

municipality of Doetinchem, 2010). The municipality is looking into the idea of disposing activities such as landscaping to the business community. A baseline agreement should be drawn to state which activities and contribution the municipality accounts for. The municipality is committed to establishing park management on industrial estates and is now trying to facilitate (Interview O. van Dijk & S. Kroon, municipality of Doetinchem, 2010). This assignment to facilitate park management at industrial estates was taken up by the business association IG&D.

#### *Business association IG&D*

The IG&D is the association of businesses within the sectors of industry, wholesale and services; industrie, groothandel and dienstverlening in Dutch (IG&D) (Interview C. Niezen, IG&D, 2010). The IG&D has a project office that supports the core activities like; infrastructure and spatial planning, park management and revitalization and membership recruitments and communications (IG&D, 2010). Businesses can become members and in return their interests are represented by the IG&D.

The IG&D has raised itself as the initiator of park management at several industrial estates in Doetinchem. In other words, they position themselves as the professional organization in setting up park management. Through the involvement of the IG&D in park management they are also able to recruit new members.

The IG&D also leads the alignment of the different park management foundations in Doetinchem (Interview C. Niezen, IG&D, 2010). Because the IG&D is the driving force behind the startup of park management, they have also arranged a cross-over park management commission in which all park management chairmen of the various industrial estates take place. Within this commission knowledge and ideas are exchanged. As a result the IG&D sits on the board of each park management foundation.

#### *Board park management foundation Verheulswede SPBV*

The foundation of park management Verheulswede, Stichting Parkmanagement Bedrijventerrein Verheulswede in Dutch (SPBV), got established July 2009. Through park management an integrated approach is used to improve and maintain the quality of industrial estates in the long term. The foundation is responsible for the management and maintenance of public space, signage, collective security, joint waste collection and processing and the joint purchasing research and advice (Interview B. Wiltink, Chairman, SPBV, 2010).

The park management board consists of six members; five representatives of the local businesses and one representative of the IG&D. The five business representatives are asked by the IG&D to sit on the Board. Because park management is on voluntary basis, the municipality does not have a seat on the Board, like in the BID as the levy collecting party. The Board is starting to present itself as the park management board, but they have not drawn a financial picture yet. This depends on the amount of businesses that will give a voluntary financial contribution to the park management organization. In other words, the park management foundation at this moment is becoming active to campaign park management on the estate and to recruit volunteers.

#### *The Business Community*

Like on most industrial estates there is no sense of a real business community. Through the business association IG&D however, business could get in contact with other businesses on all industrial estates in the municipality of Doetinchem. As a member of the IG&D general interest of businesses were represented towards the municipality. With the startup of the park management foundations more estate specific interest will be represented as well. Given the fact that park management is on voluntary basis, the support of the business community is crucial. They need to be convinced of the benefits of park management so that they are actually willing to make a contribution for the activities.

#### **5.3.2 Planning strategy**

Verheulsweide is not the first industrial estate in Doetinchem where revitalization takes place and park management has got established. Therefore Verheulsweide takes an example of park management at industrial estate Keppelseweg for a successful result.

The industrial estate Keppelseweg has undergone revitalization in 2006/2007. In order to maintain the upgrade made possible by the revitalization of the estate, some form of industrial estate management was necessary. Keppelseweg chose for park management and therefore chose for a voluntary basis for businesses to participate in the management of the estate (Interview C. Niezen IG&D, 2010, Interview B. Wiltink Chariman SPBK, 2010). The park management was set up, July 2007, by the IG&D. A result one of the eight board members is a representative of the IG&D. The activities of the park management foundation

Keppelseweg consist of landscaping, security measures, optic fiber, signage and collective waste collection.

The park management was set up after the revitalization of the Keppelseweg was completed. As the estate had undergone the upgrade, the urge among businesses to establish park management had declined. And park management being a voluntary activity, businesses could not be obligated to participate. As a consequence less than 45% of all businesses (financially) participate in the park management; 30 businesses out of 68 (interview C. Niezen IG&D, 2010, interview B. Wiltink Chairman SPBK, 2010).

Verheulsweide has drawn the lesson out of the experience of Keppelseweg to interlink park management to the revitalization (Interview C. Wendel municipality of Doetinchem, 2010). That way the park management organization can be given influence over the revitalization. The park management foundation organizes consultation meetings among businesses. With the results of those meetings the park management foundation talks to the municipality about the ideas of the businesses towards the revitalization. As a consequence adjustments in the plans can be made.

Through such actions businesses will become more aware of the possibilities of park management. And by promoting the park management business will see changes and the need for park management.

The reason for implementing park management at the estate is indeed for entrepreneurs and businesses to have more responsibility over the estate. In other words, businesses would feel more responsible for the overall functioning of the estate. Entrepreneurs would be able to startup and control measurements for collective issues on the estate. Another reason to establish park management involves the financial cuts of the municipality in landscaping and maintenance. The municipality of Doetinchem uses three levels of landscaping; sober, standard and deluxe. The municipality would impose the level of quality on the estate, but through park management the estate can decide for itself which level of landscaping it needs, irrespective of the contribution of the municipality.

Because the revitalization is not yet in progress the current status of the park management is that is consists of a foundation and a park management board. The board is made up of six board members of which five represent the local businesses and one is a representative of the IG&D.

The board is starting to present itself as the park management board, but they have to wait for the revitalization to get started. They have not drawn the financial picture yet, because that will depend on the amount of voluntary business members of the park management organization and the costs of the extras on top of the revitalization.

Next to the municipality, the project manager and entrepreneurs the province of Gelderland is involved in the revitalization. The province only wants to be involved in the revitalization if park management is connected to it. The province is a leading actor being an investor in the revitalization. It provides a subsidy for the revitalization; a stimulation contribution. Therefore the province broadly determines the policy and examines the plans. However in practice, the municipality implements the policy for park management. Therefore the municipality communicates with the businesses. The municipality sets conditions for the public space but does not participate in the execution, such as advertisement and the display of business names on the estate.

Another actor involved is the entrepreneurs association IG&D. Together with the project manager they visit the businesses and keep them informed concerning the park management. A member of the park management also receives a discount on a membership with the IG&D.

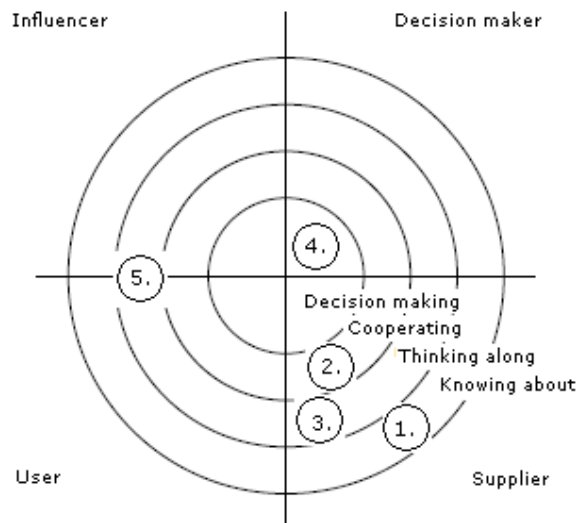
It is a critical time for the start of park management on Verheulswede. They need to establish a critical mass of participants in order to finance the activities they need (Interview C. Wendel municipality of Doetincjkem, 2010, interview C. Niezen IG&D, 2010).

The scope of the park management on Verheulswede includes more activities than safe and clean. The park management would like to set up collective waste collection and processing and the collective purchasing research and advice.

### **5.3.3 Stakeholder analysis**

Concerning park management on Verheulswede the following stakeholder analysis can be drawn (fig. 5.3). The analysis makes clear what role stakeholder have and should have within the BID and what interests they represent.

Figure 5.4 Stakeholder analysis park management Verheulsweide



1. Province of Gelderland
2. Municipality of Doetinchem
3. Business association IG&D
4. Park Management Foundation Verheulsweide SPBV
5. Business Community

Source: Author

1. The role of the province of Gelderland is a supplier of finances to the revitalization of Verheulsweide. One of their conditions for supplying the money was that park management had to be established on the estate. The activities of the park management foundation are of no concern to the province. Therefore the province only needs to be kept informed about the park management. The interest of the province in park management is their condition being asserted.

2. The municipality of Doetinchem is also a supplier of finances, manpower and resources for the park management foundation. Because the municipality is responsible for the maintenance of the estate, the park management foundation should cooperate with the municipality in a baseline agreement. This baseline agreement should include arrangements concerning landscaping and cleaning the estate. The interest of the municipality in park management stems from the idea that businesses should be more responsible for their own estate. Above that, the municipality needs to deal with financial cuts and sees park management as a measure for businesses to invest extra in the overall image of the estate.

3. The business association IG&D is a supplier of manpower and resources for the park management of Verheulsweide. Given their experiences with park



management on other estates throughout Doetinchem they should think along the development of park management on Verheulswede. They should be involved in the development at proper times to bring ideas forward concerning the industrial estate management. The interest of IG&D in park management is twofold. On the one hand their aim is to support businesses. On the other hand they also want to sustain their own organization and finances. The park management offers them both, because they link membership of the park management foundation to membership of their own association.

4. The park management foundation Verheulswede SPBV, is the decision maker concerning the park management. They arrange and coordinate the operational work of park management. They are representatives of the businesses and thus are mandated to make the decisions on behalf of those businesses. Their interest lay in representing the business community in the best possible way in order to solve issues among the estate.

5. The Business Community foremost is the user of the estate and the park manager. However, due to the voluntary character of park management they can actively influence park management by becoming a member. All businesses should be able think along with the park management.

#### **5.3.4 Conclusions**

Park management in the West-Achterhoek shows a different approach to industrial estate management. Instead of estate management being voted on, the management gets established through the amount of voluntary supporters.

#### *Why park management?*

The consideration to establish park management with its voluntary character lies within the genuine support of businesses. Each business can decide whether or not it will support the park management foundation. At Verheulswede the park management is linked to the revitalization of the industrial estate. By linking the two the park management foundation gets involved and has an influence over the revitalization. On the other hand the activities and benefits of the park management foundation become more obvious to the businesses. The businesses involved in the BID are mixed industries.

*Organizational structure*

Verheulsweide is not the first estate to establish park management in the West-Achterhoek. The organizational structure will be the same as other park management foundations. The foundation exists of five representatives of the business community and one of the IG&D. In order to create some continuity between the different park management foundations, a cross-over park management commission is set up. Knowledge and information can be exchanged.

*Facilitator of self-organization*

The voluntary character of park management has the advantage that the support of businesses supplying money to the foundation is guaranteed. Park management at Verheulsweide facilitates self-organization in such a way that businesses themselves want to be involved in the developments on the estate and are willing to financially support those developments. Park management at Verheulsweide therefore is able to facilitate *social*, *spatial* and *economic* self-organization.

## 5.4 The RBT

The RBT will be situated within the municipality of Doetinchem, near A 18 junction Doetinchem-West. The location of the RBT was chosen by the Province of Gelderland. The location of the RBT is in the outskirts of the municipality and not embedded in the existing environment. Therefore the location seems not to be the most optimal location, but chosen as the path of least resistance (Interview R. Wolbers, OOST NV, 2010).

The RBT will provide 69 hectare for large businesses (< 5.000 m<sup>2</sup>) and environmental nuisance activity. The spatial policy in the RBT is 'the proper business at the right place' (Interview R. Wolbers, OOST NV, 2010). Businesses with a good representative look will be situated on the edges of the estate as they will determine the image of the estate. There are high requirements of the image quality in these parts of the estates. Businesses with a heavy environmental category may only locate in the central part of the estate. Generally, these are not representative businesses. In the central part of the RBT, the requirements for the image of the estate at this place are low. The land will be issued mid 2010. Acquisitions for businesses to locate at the industrial estate are already in progress.

Figure 5.5 Map RBT



Source: Google maps (2010), modified by author

The municipalities have the ambition to arrange the startup of industrial estate management on the RBT, before businesses located at the estate. Therefore at this moment they are already looking into the possibilities of park management activities.

### 5.3.1 Leading actors

There are several actors involved in the development of the regional industrial estate of the West-Achterhoek. Although the RBT has not been established yet these are actors that have influence over the development and the establishment of industrial estates management.

#### *The four municipalities*

Bronckhorst, Montferland, Doetinchem and Oude IJsselstreek are the four municipalities participating in the regional cooperation. They are responsible for the spatial planning concerning the development and restructuring of industrial estates in the planning area (Interview H. Bus, municipality of Doetinchem, 2010). The municipalities spend time, staff and alderman to achieve a good result. All municipalities have chosen existing industrial estates to be linked to the development of the regional industrial estates; RBT and EBT.

*The Province of Gelderland*

The province is directing the cooperation between the four municipalities. There policy is to restructure and revitalize existing industrial estates in order to make the best use of the current stock of industrial estates in the region. The active attitude of the province to prevent oversupply is relatively new. Where previously, the province quickly adopted the plans of municipalities for developing new industrial estates, they now look more critical at the plans.

*Oost NV*

Oost NV is the regional development company of the eastern Netherlands. Oost NV can not be seen as private party, because they work for the Ministry of Economic Affairs and the provinces of Gelderland and Overijssel. Oost NV is designated as "a gatekeeper" and has the role as a neutral party cooperation between the municipalities on a smooth and transparent way to proceed (Interview R. Wolbers, OOST NV, 2010). The imposition of a gatekeeper and external Oost NV is a certain continuity guaranteed. Because Oost NV has no interest in the plan or any of the participating municipalities, they can objectively guide the entire process (Interview R. Wolbers OOST NV, 2010). For example, if a representative of a municipality would have taken on this role, there would have been a risk of conflict of interest.

*Preparation group/Steering group*

To go through the whole planning process a group was formed as the preparation group. In this group several officials from the local municipalities took place and a combined delegation of the province of Gelderland, Oost NV and a project manager. This group prepares all the documents (cooperation agreement, equalisation and formal organisation) and is responsible for the executive part of the planning process.

The preparation group reports to the steering group. In the steering group the alderman with economic positions of the municipalities take place. The steering group make decisions with regard to the developments and regional cooperation. They are mandated by the city council.

The preparation group is now being remit, since the cooperation agreement is signed. It is now up to the steering group to ensure the activities are done.

*Project manager*

The project manager makes sure that all interests are represented and that the strategy proposed is continued upon. This means that the municipalities can not

deviate from the original plan without approval of the steering group. For the sake of continuity, the project manager is chosen from Oost NV. With the construction of the RBT ahead, the project manager also needs to look into a form of management to be established at the industrial estate (Interview R. Wolbers, OOST NV, 2010).

#### *Business association IG&D*

The IG&D is the association of businesses within the sectors of industry, wholesale and services and is the initiator of park management at several existing industrial estates in Doetinchem. From their perspective they should also be the professional organization to set up park management at the RBT (Interview C. Niezen IG&D, 2010). The question is whether the implementation of management at the RBT is actually different from implementation on existing industrial estates. And who would be the best organization to set up the management.

#### **5.3.3 Stakeholder analysis**

Because the RBT is not yet developed, no park management has got established. It is therefore not possible to draw a stakeholder analysis. However, based on the other case studies it can be said that the park management should hold the decision-making role. Also there would be a need for a professional organization to guide the park management process. Although the IG&D has experiences with park management in Doetinchem, OOST NV might be a better option to set up park management on the RBT. The reason for this is that OOST NV is the project manager of the regional cooperation and the development of the RBT and EBT. Therefore they have contact with all municipalities and not just Doetinchem. Because all four municipalities have an interest in the RBT, OOST NV might be the better organization.

The municipalities, especially Doetinchem since the RBT is located within this municipality, should act as suppliers to the BID. They should cooperate with the park management on baseline agreements.

#### **5.3.4 Planning strategy**

In the development of the RBT sustainability is a core issue. The industrial estate is designed in a way that negative spillover effects of businesses are as minimal as possible for the environment and nature (Gemeente Doetinchem, 2009). The production of renewable energy and reducing CO2 emissions are some examples. In addition, guidelines for the development of sustainable building premises will be followed.

Sustainability at the RBT also means sustainable business management. Future businesses on the RBT will contribute accordingly to solve social and environmental problems associated with the industrial estates (Gemeente Doetinchem, 2009). It requires for entrepreneurs to be socially responsible and to act like they want to go further than current legislation requires (Interview O. van Dijk & S. Kroon municipality of Doetinchem, 2010). To facilitate this some form of industrial estate management will be established.

For some time, park management initiatives are taking place on existing industrial estates within the region. In the West-Achterhoek the municipalities are looking in to the idea to establish park management at the RBT. However, the approach on this new industrial estate towards park management is different.

On existing industrial estates, the businesses present voluntary support the park management. On the RBT, there are no businesses established yet. Park management or any form of industrial estates management thus needs to be implemented in a different way.

The way the actors involved are now looking to establish park management is to obligate businesses that want to locate at the RBT, to pay for park management. As a result the voluntary character of park management will be abandoned. Instead the park management on the RBT will have an obligatory character.

The idea is that businesses should be made aware of industrial estate management before they locate at the estates. The municipalities want businesses to take responsibility for their surroundings and to maintain the original states of the estate, before the decline has taken place (Interview O. van Dijk & S. Kroon municipality of Doetinchem, 2010).

However, the measure they propose, to obligate estate management, restricts the emergence of self-organization.

### **5.3.5 Conclusions**

The RBT is still under construction. Nevertheless, the municipalities are looking into the idea of estate management.

#### *Why industrial estate management?*

With the RBT a new industrial estate will be developed. In order to maintain the top quality of the estate, the municipalities want the businesses to manage the estate. Because they do not want the estate to decline in quality and image over time, estate management will be obligatory for all businesses that locate at the RBT.

*Organizational structure*

The organizational structure of estate management on the RBT is not yet apparent. However to involve the businesses in the estate management, there should be representatives of the business community and subgroups or an estate manager to communicate between the BID/BIZ/park management foundation. It is recommended that the estate management of the RBT also takes part in the cross-over park management commission in order to create a management network.

*Facilitator of self-organization*

The question however arises whether the obligation of estate management also enforces self-organization among businesses. It seems possible, when estate management is forced (no ballot or voluntary support) and the management does not come forth of a common need to improve the estate, businesses feel less responsible for the estate. Also because they have just located on the estate they have no bonding with the estate yet. As a consequence they could be less inclined to self-organize activities for the improvement of the estate.

## 5.4 Conclusions

The findings of the two case studies in the West-Achterhoek lead to the following conclusions. The establishment of estate management was an obligation from the province of Gelderland. In line with the theory on firm demography the better facilitation of businesses on existing industrial estates will decrease the urge to relocate at a new industrial estate. Park management aims to improve the economic performance of the estate. In line with relational economic geography, economic performance results form relations and coalitions of economic actors. Park management in the West-Achterhoek can be regarded as a facilitator of networking between actors.

The case studies in the West-Achterhoek have given a diverse image of park management as a form of industrial estate management. Especially the difference between the implementation of park management on new and existing industrial estates causes this diverse image. To start there can be drawn several strengths;

- Park management is on voluntary basis, which makes the support devoutly.

- Park management is not obligatory and businesses do not feel it is imposed on them
- The business community collectively determines the quality of the industrial estate(s).

However, there are also some weaknesses to reconsider;

- Because of its voluntary character it has to deal with free riders.
- Park management has difficulties to turn from non-committal meetings to financing the activities.
- Park management has limited regulations and does not provide a formal framework for cooperation.

These strengths and weaknesses are substantiated by the findings of the case studies. Park management at Verheulswede is still in the start up phase, which means the park management foundation is starting to present and campaign itself, but does not generate an income yet to finance activities. Concerning park management there is thus a tension between gaining support before receiving funding.

The park management in Verheulswede shows a similar stakeholder analysis as in Brackmills and Cannock Chase. There are again several suppliers to the park management and one decision making party; the park management foundation.

The organizational structure of the park management foundation is very simple. There is one management consisting of representatives of the business community and the professional organization IG&D. The advantage of this organizational structure is the little involvement of other parties than the businesses community. The park management therefore can be regarded as foundation by and for businesses.

The scope of activities of park management is broader than the scope of activities of the BID in the United Kingdom. Park management also aims to set up collective economic activities, such as collective waste collection and disposal. Therefore park management facilitates *social*, *spatial* and *economic* self-organization.

The disadvantage is that the park management foundation is not officially supported by the local authority. *Political* self-organization is thus harder to facilitate since the park management can be independent of the local authority. The question is whether park management foundations, without this (legal) back up, are considered a worthy party at negotiations.



Considering the example of a more mature park management foundation in the West-Achterhoek, Keppelseweg, it was found that less than 45% of all businesses participate in the park management. There are thus a lot of free riders receiving benefits from the activities of the park management foundation. The Dutch BIZ legislation may be the solution for this problem and the abovementioned problem of park management having no legal back up.

Following the theory of the lifecycle of industrial estates, there is a tension between existing and new industrial estates. Expansion of the current stock of industrial estates is sometime necessary to keep economic activities functioning efficiently. However, the expansion of the stock, constructing new industrial estates, accelerates the decline of existing estates. Park management is thought to prevent the further decline. But in order to maintain the quality of the new industrial estates, park management is also needed.

The implementation of park management on new industrial estate differs because it is obligatory and there is no business community yet. The park management is thus imposed and regarded as another additional tax, instead of a commitment from the businesses towards the industrial estate.



## Chapter 6: Conclusions

### 6.1 General conclusions

The situation in the United Kingdom and in Netherlands, while comparing the policy towards industrial estates, is not essentially different. Often, to boost the regional economy, new industrial estates are developed instead of restructuring the existing estates. Also regional performance is frequently only enhanced by spatial measures.

Both countries are now looking into concepts of industrial estate management to lay down the initiative for maintenance with the local business community.

A major difference, however is that Dutch municipalities have taken more responsibility for maintaining industrial estates which is reflected in the overall image of the estates.

One of the consequences therefore, is that the level of ambition in the United Kingdom for improving industrial estates is much lower than in the Netherlands. Often, the activities of a BID do not reach beyond clean and safe, in which businesses work together to keep the estate clean and reduce crime as much as possible. This is actually the task of the local authority, but because they lack to do so, the BID becomes a replacement of these governmental expenditures. Especially in cases where the BID is more or less imposed on the business community by public actors resistance towards the UK BIDs arises.

The ambition level of a BID can reach further than safe and clean when the organization of a BID has a clear, accessible structure and involves similar businesses, see Brackmills BID. This way, businesses are able to think along with the development of the BID and can easily cooperate. Through the mere input of businesses, activities like a collective transportation plan or collective facilities can be initiated. However, it must be said that further reaching activities than safe and

clean seem to get established best when estate management covers only one estate and/or the businesses all come from the same industry.

In the Netherlands the concept of a BID would be implemented through the current BIZ legislation. However, compared to the United Kingdom to establish a BID, the conditions are much stricter. The turnout for the ballot has to be at least 50% and at least 2/3 of those votes need to be in favor of the BIZ. If we compare these conditions to the case studies in the UK, none of the BIDs would have passed BIZ legislation. Even a successful regarded BID like Brackmills, would have not been established.

In the West-Achterhoek, municipalities will have to deal with financial cuts as well. This offers also a good occasion to look at the possibilities of estate management on industrial estates. Currently park management is seen as the prevailing form of industrial estate management. The park management is known to have some problems like free riders. Therefore at the beginning of this research the following central question was posed:

*'Is a BID a suitable instrument for industrial estate management in the West-Achterhoek?*

In order to answer this central question some sub questions were drawn. Before the central question is answered, in the following paragraph the sub questions will be answered.

## **6.2 Answering the sub questions**

The results of the five case studies, both in the Midlands and the West-Achterhoek are the basis for answering the subsequent questions.

- How can a form of industrial estate management contribute to more self-organization among businesses and therefore more commitment towards and embeddedness within the improvement of the estates?'

With self-organization the initiative to improve spatial surroundings, like an industrial estate comes from the businesses itself. It is expected that the firms would become more embedded in the area and wouldn't tend to migrate. In

addition the quality and sustainable exploitation of the estate could improve enormously. A BID or any other form of estate management enables any actor to take this initiative.

The BID however is established to represent the interests of the businesses. Therefore the BID Board consist of mere representatives of the business community. The BID itself can choose which activities it would like to focus on and to which standards these activities will be carried out. But in order to do so the business need to self-organize to figure out which way to go with the BID. The same goes for park management.

When the BID is democratically valid agreed upon the support of business can be for the most part being guaranteed. There is thus willingness among businesses to improve the estate and to pay the levy in order to do so. In case of park management the amount of support is tangible in the income of the park management foundation.

The BID and park management both constantly need to gain the support among businesses. Therefore they organize business meetings, campaign the BID or park management and make use of estate managers. This way they facilitate *social* self-organization; businesses get involved in the estate management and can better articulate their wishes and needs.

The scope of BIDs and park management include the improvement of the safety and image of the estates. Because of the involvement of the businesses in the BID or park management foundation they contribute to the spatial quality of their working environment. These forms of estate management thus facilitate *spatial* self-organization.

As mentioned above the context of park management enables activities beyond safe and clean to get established as well. Those activities include collective waste collection or the collective purchase of advice. These activities can be considered investments in economic robustness of the estate. As a result park management also contributes to *economic* self-organization.

BID legislation ensures that BIDs are seen as a worthy partner in negotiations by the government. A representative of the local authority sits on the BID Board as well. Park management stands more independent of the government and the *political* self-organization thus has less legal back up.

When the purpose of a BID or park management is clear among businesses, they will see the advantages of working together as one business community. The

involvement of businesses improves the working environment, increases identification and a sense of belonging to the business community. As a result the embeddedness of spatial planning by businesses will increase and thus the support and commitment towards initiatives will improve.

- 'What organizational form of industrial estate management is needed to facilitate that kind of self-organization best?'

Self-organization is difficult to attempt, because there is no control over how and when it arises. As a consequence all that can be done with industrial estate management is to facilitate the process. The organizational structure of estate management is largely responsible for this facilitation process.

The case studies also showed that estate management works best when only one estate is included. Businesses do not feel naturally part of the business community of the estate. A lot of effort is needed to create this sense of community. The more estates a BID or park management includes, the less businesses feel responsible for the area included in estate management.

The best way to enhance self-organization is to structure the organization of a BID or park management very accessible. This can be done by appointing an estate manager or coordinator which guides the communication between businesses and other (public) actors involved. Also the combination of sub groups has proven to enhance the accessibility of the BID organization. Any business can voluntarily take place in a subgroup. Both through the estate manager and the subgroups businesses are kept more involved in the developments of the BID. And thus self-organization among businesses is facilitated best.

- 'In what way could that kind of industrial estate management be effectively and interactively implemented with regard to both existing and new industrial estates?'

There is a big difference between establishing industrial estate management on an existing estate or a new estate. At existing estates there is already a business community present, through time the estates aged and declined in quality and thus estate management is established out of a common need. At new industrial estates this is not the case. Another approach needs to be found to establish estate management.

In the West-Achterhoek therefore industrial estate management is linked with the broader aims of the municipality of environmental sustainability. From that point of perspective, park management is imposed on the new businesses that wish to locate at the new industrial estate. The voluntary nature of park management is thus eliminated. Also, and more important, self-organization is a lot harder to facilitate, since the initiative is solely taken by the municipality without consultation of the businesses.

The implementation of industrial estate management on new industrial estates is much easier organizational, but will eliminate any form of self organization. Therefore support of the estate management needs to be created after the park management is established instead of before.

### 6.3 Answering the central question

*'Is a BID a suitable instrument for industrial estate management in the West-Achterhoek?'*

To answer this question, first the current industrial estate management in the West-Achterhoek needs to be evaluated. At this moment park management is being implemented in the West-Achterhoek region. Park management has a voluntary character and the amount of support of the park management foundation is reflected in the income of the foundation. The presence of free riders taken benefits of the activities of the park management foundation is considered a problem. Apparently there is some need for a more formal form of estate management.

The Brackmills BID first started with a voluntary group as well. But in order to apply for funding for CCTV the need for a BID became present. In order to guarantee the maintenance of the cameras, the formal and obligatory character of a BID was necessary to ensure an income.

It can be expected that a same need for a BID will arise in the West-Achterhoek as well. A BID can a five year income to finance the activities. Also when an estate management foundation wishes to get more involved in spatial planning it needs to have legal backup, in order to be seen as a worthy partner.

The solid base of business support is fundamental for the success of the BID to get established. The proceedings already done by park management are thus an advantage for the establishment of a BID.

The concept of BID is a suitable instrument for industrial estate management in the West-Achterhoek. The BID will build forward upon the park management initiatives already taken and at the same time provides a more obligatory character.

The establishment of a BID would be possible following the current BIZ experimental law. As mentioned before, the thresholds for establishing a BIZ are much higher than for the establishment of a BID. The BIZ evaluation should reveal whether under current legislation a BIZ would be feasible in the West-Achterhoek.

## 6.4 Recommendations

Based on this research some recommendations concerning the BIZ legislation and future research can be made. Both park management and BIDs, as well as self-organization, are still trying to find their place within spatial planning. The following recommendations will hopefully contribute to this search.

Based on the experiences of the case studies the threshold of establishing a BID or BIZ should be a balance between democratic validity and reasonable turnout.

<b>BID</b>	<b>Turn out</b>	<b>Positive votes</b>
Brackmills	42%	90%
Cannock Chase	44%	62%
Coventry	33%	54%

A proposal for a better balance between democratic validity and turnout for the BIZ legislation would be to state the turnout at a minimum of 40% and the minimum of positive votes at 2/3 or 66%. In this case a BID like Brackmills would pass BIZ legislation and less successful/failing BIDs like Cannock Chase and



Coventry would not get established. The breakpoint of whether BIDs would or would not get established is in line with the current success of the BID.

This research has been an exploring research in the field of estate management and self-organization. The starting point was the further impoverishment of existing estates and the continuous development of new industrial estates as a tool to maintain economic performance. The aim of this research was to investigate estate management as a facilitator of self-organization as a solution to this issue.

In future policies the support among businesses, the organizational structure and the potential to facilitate self-organization should be taken into account in order to broaden the amount of industrial estate initiatives in spatial planning. For further research the following options should be taken into account:

- Develop examples of preferred organizational structure of BIZ
- More research concerning self-organization as a tool for spatial planning

#### **6.4.1. Recommendations West-Achterhoek**

The West-Achterhoek will, like many other municipalities, need to deal with financial cuts. At the same time, there is great need for the restructuring of existing industrial estates, to compete with the attractiveness of new industrial estates. The regional cooperation provides part of this restructuring through the revenues of the newly developed estates.

Because of this shift in financial income, part of the responsibility of the industrial estates will be laid down at the businesses and there is reason for more attention towards estate management.

The park management initiatives in the West-Achterhoek, allows businesses to participate voluntarily. The voluntary basis ensures self-organization and commitment among the participating businesses, because businesses take the initiative.

In the case study of Brackmills, estate management also started of as a voluntary group. However, at a certain point there was a need for more legality and a more formalized organization that had a guaranteed substantial income to finance activities. As a result the BID was set up. Through the institutional framework that a BID provides, it is easier to make clear agreements between businesses and other actors.

Park management in the West-Achterhoek will eventually also reach to this point of more legality. In the Netherlands the BIZ may be the solution. Because of BIZ legislation, the estate management will be more professionalized. The municipality will have to take part as the levy collecting authority and thus is inclined to cooperate with the BIZ. As a result the BIZ on its own becomes a formal, by legislation, partner in negotiations. Park management should thus be seen as the preparation phase of establishing a BIZ.

The West-Achterhoek is already involved in regional cooperation. In the United Kingdom (regional) cooperation between different BIDs was missing and was regarded a point of improvement. In other words, there is a need in the United Kingdom for some umbrella organization to monitor the activities of the BID and the BIDs itself.

The West-Achterhoek can use the current regional cooperation as a starting point to set up an umbrella organization to monitor current park management initiatives and future BIZ. The benefits of the current network between municipalities can thus be used for other purposes.

Both BIDs and park management, although high ambitions, seem to reach only basic activities of safe and clean with occasionally collective purchase or waste disposal. BIZ could have more potential towards the spatial planning on industrial estates. To achieve this full potential the municipalities need not to take full responsibility of the spatial planning, but facilitate businesses on industrial estates to take part of that responsibility. Functions of the municipality like business location policy should eventually be transferred to industrial estates themselves. As a result the commitment of businesses towards the industrial estate will get more embedded.

When the West-Achterhoek cooperates from these perspectives with the industrial estates, self-organization and commitment of industrial estates will be facilitated best.

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# Annexes

## List of interviewees

### Interview history West-Midlands

Mike Taylor - Chair in Human Geography at the University of Birmingham

### Group Interview Brackmills Industrial Estate BID

Charlotte Patrick - Northampton Enterprise Limited

Chris Barker - Estate Manager

Katie Niall - Borough Council

John Trimble - County Council

### Group Interview Cannock Chase Industrial Estate BID

Morag Pringle - British Business Parks

Michelle Baker - Coordinator for the Cannock Chase BID

Andy Evans - Chairman for Cannock Chase BID

### Door-knocking

Various businesses in the Cannock Chase BID

### Interview developments Coventry City Wide BID

Les Reid - Coventry Telegraph

### Interview involvement City Council Coventry City Wide BID

Stan Oldridge - Coventry City Council

### Interview involvement CV One Coventry City Wide BID

Marc Niccolls - CV One

### Group Interview Coventry City Wide BID

John and Dina Scott - John Scott Precisioning/Member Board of Directors

Kenneth Armstrong - Automotive consultant/Member Board of Directors

Keith Skinner - retired and part time consultant/Member Board of Directors

**Interview involvement IG&D in park management**

Carla Niezen - Projectnureau IG&D

**Interview developments park management Verheulsweide**

Caroline Wendel - project manager Verheulsweide

**Group Interview current situation RBT**

Harald Bus - Municipality of Doetinchem

Rikus Wolbers - OOST NV

**Group Interview municipality perspective on BIDs/park management**

Otwin van Dijk - Alderman Municipality of Doetinchem

Steven Kroon - Alderman Municipality of Doetinchem

Harald Bus - Municipality of Doetinchem

Rikus Wolbers - OOST NV

**Interview business representative park management**

Bert Wiltink - Chairman park management foundation

## General questionnaire

### UK BIDs/NL park management

- Could you tell something about yourself and the organisation in relation to the BID? What is your role in the BID?
- Could you tell something about the history of the industrial estate(s)?
- Could you tell something about the characteristics of the estate(s)? What type of firms, the condition of the area?
  
- What was the direct motivating factor for establishing the BID? Events, plans of certain actors, other BIDs?
- In what way was the BID established and who were the leading actors?
- Were other relevant actors involved?
- How are the boundaries of the BID chosen?
- What is the BID collectivity based on? Common issues, similar businesses?
  
- Did some form of cooperation already exist before the BID?
- How were these actors/organizations tuned with the BID?
  
- Why a BID? Why no other form of industrial estate management?
- How is the BID organized? Internal and external?
- How often do BID members meet and who is attending those meetings?
- Has the organization and actors involved changed over time?
  
- What are the main activities of the BID? What are the main aims?
- What is the spatial/economic policy of the BID?
- Are spatial issues a concern to the BID?
- How is the BID related to current policy and planning authorities? Do local authorities involve you in relevant problems?
- How is the BID acknowledged by local authorities?
  
- Could you tell something about the BID ballot?
- Could you tell something about the financial side of the BID?
  
- What did the BID work on and were can I see the results?
- Did the BID indeed help to reach the aims defined?
- Initiating, establishing, maintaining the BID, what worked and what could have been done better?
  
- What other actors/organizations can I talk to?

*Complementary to this general questionnaire follow up questions were probed to get a better understanding of underlying feelings.*

*In the Netherland the same questionnaire has been used, though instead of BID, the term park management was used.*

## Interview details

### Interview history West-Midlands

Mike Taylor – Professor Human Geography, Birmingham University

#### West Midlands regional policy

Regional policy is being implemented through regional development agencies. These RDAs were set up as a basis to coordinate and develop regional policy, policy at the regional scale. As a consequence lots of regions are clones of each other. The problem with the whole regional planning system in the UK is that it treats every region as autonomous. Rather than being interlinked. On a map, the West Midlands region looks great, but it is rubbish. Just outside the boundary are big industrial centres and urban centres, which they call the East Midlands, as if it were something totally different. The whole lot is massively interlinked. Regional policy are focused just on the West Midlands, as if it is functionally completely unconnected to it all. Second, the regions have no autonomy or action. Government in the UK is incredibly centralised. So regions translate to the local level, districts, boroughs or city councils, certain policies, such as clusters or innovative centres.

But these policies have proven itself utterly useless towards economic growth within the region. Like in the 1960s they decided they should have corridor strategies, but building just happened within the presumed green areas. So what you end up with is a set of policies that are irrelevant. The growth within the regional economy is not within the conurbation, but is actually a belt, twenty to forty kilometres outside the conurbation, like a donut. Those are the places where new forms of innovation is highest. But we don't know if this is also happening in other sites of the country.

#### History of the West Midlands

The economic development of this region is a mess and it always has been. And therefore you have got to understand the history of this place. In 1086 Birmingham did not exist except for two cottages. While Wolverhampton and Dudley were proper towns by that time. The West Midlands were agricultural dreadful. So the area had to find alternative ways of work. You could find iron and coal in the surroundings so a very basic iron industries began. The iron and coal industry grew and you ended up with a huge number of metal working businesses. Because of the poor area there were no guilds or control on labour, the group contracting system started here. A contract would come from the British government to a factor in certain goods, a contractor who wasn't in control of the product process, and they would divide the contract amongst workshop men. So there were no firms at all, just small workshops making parts of an end product that had to merge together to be a product. What progressively happened was that the owners of capital wanted to control this. A new contract was introduced; no more buying parts, but buying time. And that is when we ended up with a factories.

Van factories near multinationals.

Now what planning has done, is taken away the one thing from the West Midlands that always kept it going; the thing that kept it going was that it is constantly changed. Sectors came and went, businesses came and went, but now government subsidies certain sector such as the car industry so instead of change



we hold on to certain businesses. And what planning policy is doing is exactly the same; we don't want certain firms located at certain locations because we want a nice planned landscape. Were that has not been what this region is about. Its about people having the opportunity to work be enterprising and then get on with it. And what we have created is a bureaucracy which just kills it dead. Of course this is provoking, but that is the certain thing that is going on.

So the first thing they got to do is stop the government telling business what it should do. Stop saying now should be investing in nanotechnology. The day that a policy maker knows more than an entrepreneur, then we may as well go home. They wouldn't be politicians if they were decent business people. These people are not aware of what is going on at businesses. I thin what you really got to do is get back to the grassroots. Lay down a set of regulations about company ownership, emissions, environmental issues, labour regulations and then leave it. And then let them get on with it. But every government seem to thin k that the only thing it can do is to change the regulations and the planning and everything else instantly. Business is the West Midlands say, the regional development agency, what does that do? Business policy? Never heard of them. Because the policy makers are in a closed circuit all of their own. The government subsidies that have gone in to the region, subsidies businesses that nobody needs. And you create private businesses that are half the time applying for new money, so it becomes just a growth industry by itself. And deflects form what the real thing is, business making. So we create profit for three to five years but we don't see what should be done for the next twenty-five years.

So what we should be doing is going back to basics. And that is for the government to be facilitating. The government should get out of the role of directing and telling people what to do. But creating the environment to facilitate it all. But then the sociology of that is all wrong. Government bureaucrats think in three year time lines, it is about the politics of policy bureaucracy. In other word sits a career system for people to strip money out which has forgotten that we actually need value rooted in goods.

So the institutions are looking after them selves and their system without saying the actual goods and product we work with are not irrelevant they are vital for them to keep their system going. But what they are not doing is creating facilitating mechanisms, not at the regional and national levels. You need national policies but you need to be locally sensitive. That is what facilitation is about. It is about being locally sensitive about capitalizing what you have locally got, in the people and in their products.

An example of policy for businesses is the policy of e-business. And with that policy, some companies got detached from their grassroots, now not making anything any more, but purchasing goods from China, and the entire company turned into an online marketing company. So what we are doing is not facilitating entrepreneurship, but directing it.

And a businesses improvement district is just one more top down policy. That would be my vision of it. What I am saying we need is entrepreneurs education centres, which are voluntary instead of . What you do is, you make business loans available to people wanting to go into business. Once they can demonstrate, like a correspondence course, you can raise the skill level of those people that want to go in business.

In this country, the Brown government, in 2003, feed some millions to porter to write them a document on cluster growth. And now more and more scholars say the whole cluster idea is rubbish. And Florida's creative class it is just a joke. They wont listen to locals.

All of the local authorities should take the facilitating role. But facilitation isn't subsidy. It is providing services and information where they can and where it is appropriate. But the problem is that that is not how bureaucrats build their careers. And we have to turn that round. The issue is that there needs to be between levels of government, there needs to be a common understanding that what they are trying to do is facilitate entrepreneurship. So it is time that the various levels of government got their act together with each a different role of facilitation. Not of telling people what is the best, but discussing what it is. Putting out information to help people, to guide people. Making their own regulatory systems, one stop shops, rather dealing with the horrors of local government, which are appalling. Government says that it is being helpful, but when you get to the district level or the county level, you have planning regulations which are almost impenetrable. Now, when they get that sorted out, when they make that business friendly, and quick, then they will get somewhere.

Because bureaucrats shouldn't just be their simply beating people around the ears, they should be there to facilitate, to help. Saying, this is what can be done, this is what can't be done. And be very clear about what can't be done. And I think that is where it needs a change of mindset in governing. What we should be doing is changing the ethos of politics.

And for the leading actors this has got to be a partnership. The trouble is, that what government will do is bring in the executives of big companies, the big names. If you do that, these guys are mostly working for multisite multinationals, would rather say we should develop high-tech developments for this area, when he just got simply an assembly plant? No he says we just need an assembly plant, because that is what is helping the region. Because if you bring them in from business, their going to promote their sectional interest and that is what you got to get away from. That is where it gets complicated. But in fact there is not put in insufficient work into saying how do you promote facilitation which means that government had to be self facing, it's not their to clear in this. It's not their facilitating.

We don't know how that should work, what we do now, is we simply put targets. And say you failed when you don't reach that target. The target lead culture is just ludicrous. So the government doesn't do anything, it just sets targets and then blames when you don't reach those targets. So it needs serious rethinking. But at the same time it needs reevaluation of what are the real mechanisms of regional growth.

In geography look at the relational geography, it really is just garbage. Basically the learning economy and knowledge economy, it implies that before this, there was never any knowledge, never any innovations, which is just rubbish. Basically they say that firms will exchange ideas. No, read the literature in economics about limitability, if you give knowledge of let say a new product away, you can't patent it. So in other words, you talk to somebody else about a product and immediately you have given it away. You have given away your future earnings and your ideas. But people protect their knowledge and let it leak out per drip. And now a bunch of geographers is saying you should exchange information.

What you have got is people making policy prescriptions around things for which has been very little empirical research.

We deal one with another in a local economy and this generates to economies of scale.

If you were to pass through the West Midlands you would see small businesses, producing goods and passing them between each one. Overtime the businesses that grew and survived were the businesses that got deintangled from the

We have been gotto up by the scandanavian way of running eterprises.

Does a BID facilitate or does it impose? It assumes that a bunch of policy makers act as if they know better than local entrepreneurs what is good for their businesses. The only thing that they don't know is that an capitalist entrepreneur always pays as little money as possible. So someone has got to be able to say, what is the public good. So its got to be things a bout society, environment and labour. That is were you can impose but nothing else. And I think that that's is one of the probelems. That is also way there is no simple answer to the BIDs, I just think that BIDs is part of the system which is inappropriate to create an enterprise. And remember enterprise isn't just firms. A firm isn't just a firm, there is something below a firm. A firm is a temporary coalition of people, that employ a set of assets to create revenue profits and personal wealth.

In the UK there are no forms of selforganisation or bottom up organisation because that is not how the UK works. They will try to set up enterprise operations in all the government areas but it is still top down. And that is the difference. In the UK everything is top down, the government doesn't give anything away, that is my interpretation.

The regeneration problem of old industrial estate also happens in the UK. But the problem with the West Midlands is that if you go into the Blackcountry, which is the other half of the West.

What you have got in the Blackcountry is a lot of old industrial property that needs redeveloping. Hugely problematic, you will have the same problems in the Nehterlands. The sites are contaminated from industrial waste and it will cost a fortune to get them right. These are the cost that has been externalised by the community by passed industry. So it is the offspring of those activitey that should be paying for that regeneration. It shouls be attacked by business. That way you can keep it confined to the area. Otherwise you will take up new virgin land, probably good agricultural land and you don't need that. So there is a problem over the regeneration over brown field sites in this country. And regeneration on property, there is pressure on space but not the same pressure. It is just the relocation of where things are happening that is changing in Britain considerably. And there is a huge demand on rural areas, peticularly in the Midlands, the places where the logistics hubs are placed, because of the giant sheds that are placed there.

## **Interview Brackmills Industrial Estate Business Improvement District**

Charlotte Patrick (CP) – Northampton Enterprise Limited

Chris Barker (CB) – Estate Manager Brackmills

Katie Niall (KN) – Borough Council

John Trimble (JT) – County Council

CP - Northampton Enterprise Ltd is an inward investment, tourism, economic development regeneration body, we are a private limited company but we are funded by various government sources. The inward investment team works on supporting businesses, and around five years ago I was working with some of the companies around Brackmills and they said there were a view issues that had to do with crime, lorry parking or waste and all sorts of issues. I set up the Brackmills Estate Group, got them together, sorted them into a lobby organisation, working with our partners; the Northampton County Council and Northampton Borough Council and Northampton Police. We managed to put some funding proposals together and were successful in the funding for thing like road signs and yellow lines. And than at the back of the final funding proposal, which was for CCTV. At that time Brackmills was known as the Golden Mile for lorry crime. One of wishes for that funding proposal was that the companies had to agree that they wanted the security cameras and also that they agreed to maintain the cameras. We put a number of proposals to the companies on how they could come about this. Some of them could pay, some of them couldn't and while we were discussing the proposals, the best option for them was to set up a BID. So we gave them all the options, all the information and they then decided they wanted to go down a BID. Together with the Borough Council we obtained a pot fund to help us initially set up the BID, we went around visiting the businesses, set up a steering group and eventually got the BID through.

JT - The County council is the local authority, including the highway authority. And because of the role I have, which is general traffic and safety issues, CP and I got together to discuss the ways forward. And our role had to do most with the traffic and highway issues. Nothing happened without the highway agreement, at least at the highway.

KN - Borough Council, the funding and information officer. We all went through the initiation fase. We were involved in the baseline agreements and sort it all out for the companies, using the network already there. We were delivering service on the estate and were not going to stop that so there has to get some agreement.

CP - The BID was successful and it got through last march-april. Following after that there were a number of improvements, and then there was an Estate Manager employed, CB.

CB - I was brought in in August, which was part of the Business Plan. We wanted one central point to contact and I am the perimeter of that.

CP - The police used to be a important member as well, but not so much anymore. There used to be a great deal with lorry crime, and that had a big part in the initial funding bid, now with the CCTV up and with the BID, their strategic role isn't quite that much. They sit on the board of Brackmills Estate BID and the local police comes by to give an update on the crime, but on a strategic level they don't meet that often because it is now down to the BID. It is time for the BID to run itself. The business are in control, of the BID, they need it. There is a management group, there is a board, there is a number of subgroups that were set up previously to the BID, looking a various issues, they got now become a more key

element of the BID, and they come up with project that the BID wants to spend its money on.

CP - Brackmills was developed in the early 1980s, it was developed piece by piece with a variety of different buildings. There is around 140 – 155 companies on the estate, ranging from logistics to big warehouses, food processing, manufacturing, small businesses just starting and some big office spaces. Some of the buildings and companies have been there since it was built, like British Pepper and Spice. There are also some companies that are building their sites now and moving on. It is one of the largest estates of the UK, 11,000 people employed on the estate. Some have different shift patterns, some work 24 hours a day, some just 9 to 5. Very varied, very different things, very different needs. There are companies with key names not only for the county, but for the UK. Most of the companies came to the estate because of its proximity to the A1 and M45, and its good access. And it is in the Golden Triangle as we prefer it, you can reach most of the UK within the drive time the drivers have to stop to take a rest. The Golden Triangle is almost all of Northampton, the key area with the ports to either side and London, basically the centre of the UK. So that's why there is a big sector of logistics companies. There is not so much retail on the estate, there are some trade companies, but they don't deal with the general public as such. It is mainly an industrial estate.

JT - Before the BID, the estate was in poor condition, there wasn't much interface and the roads hadn't changed since the beginning. But the biggest change is found in the companies now working together.

CP - Before we set up the Estate Group back in 1995, the companies didn't talk to each other. They didn't know their neighbours so that helped for companies to know what was going on and share information. They then started to complain together about safety issues and such. Through the cooperation of councils, police and companies they were then able to opt for funds to enhance those issues and improve the conditions of the estate. That made the companies feel they wanted to go down a BID, to make it even better. The BID is somewhat the third step in what has happened on the estate. From nobody knowing about it, to getting companies to talking about it being stage one, stage two was some funding and the stage three was sorting out the BID.

The direct motivating factor of the BID was the funding for the CCTV. We had to prove that the companies wanted the cameras and would agree to maintain them, and the only way of effectively doing that was by setting up a BID. Similar estates like Brackmills are looking to going down the BID, but for Brackmills it was one of the strands they had to go down to improve the estate. The good thing about Brackmills is that they could have only paid the levy for CCTV but that they have chosen to take that forward for other things.

CB - We really want to build on what had already been established and to develop further on that. So the CCTV, and working together with the police to look for other initiatives for security reasons. We came up with the Brackmills Estate travel plan, not only for the estate but for the wider Brackmills community. We need to try and reduce congestion, try to reduce the number of vehicles on the road to encourage people for car share, cycle, walking. That will also help the County Council on the highways, because there is now so much weight on the road. Our second way will be to look at the highways themselves in terms of the number of speed humps and the number of junctions and we would like to investigate if we could make improvements to them. And also on the estate itself there are speed limits, so working with the County Council, we could try to see if there could be any improvements.

We also just try to increase the image of the estate, that is through the general appearance. It has improved in comparison to before the BID, so we are looking

to improve that even more. We also try to promote the BID a bit more, by adding the weight of the BID to the companies. We are looking to use a group binding state of services. Most of the services are done per company but we try to combine waste and recycling for all the companies. That would also mean that if done collectively we would also have more space available and may lead to more employment.

CP - Despite the amount of different companies, small/big, national/international, they all seem to have quite the same needs. Although they are different industries, the things that are in the BID effects them all, every has to deal with safety issues, everyone has problems getting on the estate because of peak time congestion. Most of them want the information shared between them and due to the effectiveness through group buying actually the small companies benefit even more than the big companies, because big companies most of the time have national contracts. So that is one of the major strengths of the BID, that is not just for the big companies but will actually help every company through different sets of mechanisms. The bigger companies are sharing information with smaller companies in terms of policies, which saves the smaller companies time and the would have never had access to that.

Brackmills itself is fairly self contained. There is a privately owned estate on one of the side roads. We didn't include that in the BID because they already pay a fee to a private management company to maintain their roads. So their needs were slightly different from the rest of the estate. So they were excluded but the rest of it is pretty much the whole of the estate. The decision was made in conjunction with all of the companies in the Estate Group, they decided this was a better way of doing it. The BID was a more formal continuation of what the companies were already doing.

On the board, we have representations from all the partners that were initially involved. So there is KN from the Borough Council, CP from Northamptonshire Enterprise, JT from the County Council, we have somebody from the police, we have a local councillor from the Borough Council and then it is literally made from companies that put themselves forward. If you want to be on the board, just put your hand up, there was no vote, but there might be in the future. They meet monthly. There is a management groups that fits in below that, and then the subgroups. There are almost sixty people in the mailing list per subgroup, so if anybody doesn't agree, it comes forward. So its very democratic. Overtime there has been only one change and that was that the police is less involved. And the leading actor of the BID was me, CP. It was my project, it was tasked by solving it for the companies, and this was the way of solving it for them.

On the estate there were some business associations that were set up by the police in the past, but they failed. So there was an issue of overcoming the negativity of overcoming that to establish the Estate Group. But there is nothing else. The is no overall owner to Brackmills, because it was build piece by piece over the years. You could literally go into your company and not have any need to talk to anyone on the estate.

For the first meeting there were as many companies as possible attending the meeting. We addressed the common issues and after that they started talking to each other. It just snowballed from there. Groups were set up at different levels to exchange information and that is were the benefits came along. The common ground were to start of with the shared issues, but then the subgroups discussed everything and anything. Just sharing information and working together.

CB - Because the network was already in place, the BID didn't had to re-establish it. And the network works really well and we are probably building on it. Before there wasn't a website of the estate with a members only section, so again it is making people work smarter, contact everyone else. The BID is helping it so much more because there is more that can be done, they are making it smarter, more efficient, and also getting more companies into those subgroups as well.

CP - The BID is looking for inward investment on the estate. It doesn't really have an influence outside of the BID area. It does get an update of what is going on from the Borough Council and Northamptonshire Enterprise, but they don't have any planning rules. If something happened on the estate they would be notified. They are more concerned with promoting the BID area and getting more companies on the estate, like filling the vacant units on the estate. And with retaining those that are already there. The BID has no say in which companies locate were, the Borough Council only has a say if there is a change of use, because we different uses set. So then there has to be a say in the planning conditions.

JT - The County Council does promote the county itself overall. And Northamptonshire Enterprise is semi County Council, semi private. So they were doing that role for the County Council. Through highway perspective we don't promote the growth of the estate, we are concerned about the impact of growth will take.

The Borough Council only has a limited service package for the estate, anything above that has to be done by the BID itself.

KN - The BID is considered by the councils a brilliant thing. We have had very positive meeting between people from the council and the BID. The see that business are working together through partnerships and that is fantastic. And without the Borough Council the BID wouldn't have happened. Because of the funding application made by the council we could get an initial funding to set up the BID. The Borough Council also collect the ballot and therefore have a formal role in the BID as well. The levy pay is sent out with the rate pay, but they are separate bills, so companies know where they are paying for. 95% of the levy is collected, for those who haven't paid we are going to court.

CB - Most of the businesses are happy to pay, but on some we have the force to make them pay. It is something to think about with a 2<sup>nd</sup> ballot. Most of the companies have seen the benefits, CCTV and the website. So most of them are very happy with the BID and why it was set up. Of that 5% some of the companies moved of the estate, some of them are not able to pay. But not much of them are just not willing to pay.

CP - Because of the background, setting up the BID went extremely well. Companies were already used to working together, the public partners were already used to working with each other. Once we had got a yes vote, it went all smoothly. Over 95% was in favour of the BID. There was no specific office set up to get the BID, it was all in peoples free time. So when you have those dedicated people in, it grows in importance. It was an opportunity that came up, and it was taken. And again the fact that we were already working with the companies since 2005 helped a lot. The BID is now all in hands of the companies, we don't have a vote, they do, and that is the strength.

## **Interview Cannock Chase Industrial Estate Business Improvement District**

Morag Pringle – Business Park Co-Ordinator for Cannock Chase region

Michelle Baker – Projectmanager

Andy Evans – Chairman Cammock Chase BID, business representative

### Context

The company they work for is British Business Parks, which is owned by the Staffordshire Chamber of Commerce and industry. British Business Parks is established in the late 1980s, for business that had become run down and aged. After helping out those businesses they that they could replicate this way of working for other businesses. They got involved in Cannock Chase by being asked by the Chamber of Commerce and business representatives, Image 2001, to improve their businesses. Image 2001 was a voluntary group made of different business men from the different business estates in Cannock Chase, now covered by the BID.

British Business Parks actually does the day to day management businesses of the parks and fulfil a advising/supportive role for the business group.

Image 2001, became Image Business Partnerships which is now the BID Company. They became a more formalised company that was able to hand on the BID. The BID was the obvious choice to go forward.

### Why a BID?

Initially they had be very reliance on public funding, but that cant go on indefinitely. That is only as a set up fase, as an initial kick start of the project, but any project has to be self-sustaining. They tried to do that for three years through a voluntary membership scheme, but it never generated enough income to do anything tangible. With voluntary you always get a lot of business that wont contribute; the free riders. The only way to overcome that was to go through the ballot fase, which holds the legislation that they have to pay.

The notion for a BID evolved over the years. There was some European money applied in the region back in the late 1990s. Which is way Image 2001 was conceived to help the local businesses spend the money on the industrial estates to help them. After that is was how to continue this good work and not waste was has been set up. That is when they involved British Business Parks to help them, to get additional funding from Advantage West Midlands, which is a local regional development agency. After that they had to look for the next step, and that was the BID.

### History of the business estates

The business are very similar. Cannock Chase was a mining region, when the mines closed in the 1980s, small industrial estates sprung up to drive business and for former miner employees to generate some income. They are all older now, that is way they are all run down. Traditionally these estates weren't huge employers, but over time they changed and some of them became more mixed used estates. Retailers were coming in, people selling kitchens or windows or conservatories. So they became mixed retail and industrial estates. That's why they are rather called business parks instead of industrial estates. Especially those retailers found that the business parks need to look more attractive to visitors and to make business. For real industrial estates it doesn't really matter, because their customers don't come to see a nice industrial estate.

Those groups have different needs and different issues. That was why it was important when they set up the BID to tackle not just one focus but you had to ask the businesses what their issues were and find common ground. The common ground is usually crime, usually security issues, because they effect both groups. Industrial groups deal with metal thefts and theft of diesel. The soft landscaping is



more important for the retailers. That is why the BID is doing both, better security helps both groups.

Crime rates in this area compared to other areas in the West Midlands are very low, but businesses fear of crime is just as high. They constantly fear it is going to happen to them. So crime, or the fear of crime is the leading factor for collective engagement.

The aims of the BID are reduce crime rates and the fear of crime and to make the industrial estates more attractive. To let the businesses take a little bit more pride in their environment, a cleaner, safer environment.

#### Leading actor for the BID

The Cannock Chase District Council, British Business Parks and the Image 2001 group were leading actors. The local authority has to be the lead player, because they are legally, in the way their legislation works, the one that have to be the applicant and collecting body. The ballot had to be done in name of the local authority. The levy has to be paid to the local authority, in this case the district council, which is an additional fee to the rate that all businesses on the estate have to pay. The district council then pays the BID Company, Image, and they use the money to pay for contractors to do the work. As Image was already set up, there was no need to look for an other independent company to control the BID.

The main board of Image Partnerships is made up of volunteers, the directors of Image are all business men who have their businesses on the industrial estates. They are being representatives of the business communities. All the businesses where consulted on what they wanted to see on their estates. There was door-knocking to physical see and visit the actual businesses. The police was also involved, to give guidance on what security measures could work, what were the bad areas, what were the weak points.

The Image group actually didn't change to become the BID management group. Image 2001 was a clearly strong established group. Most BIDs don't have that, Cannock Chase was an exception and unique. At other BIDs, management groups are specifically set up for the ballot. In Cannock it was already there, the members had been on the board for numbers of years, so they had seen it through its various transitions. And they were very committed to what they were doing so it was exactly the same board set up.

Before the BID there would be local management groups on each individual estates, but that is not happening so much now. The project manager asked those groups in a newsletter to come forward and organise meetings, but she got no feed back at all. Some people and businesses are anti the BID, but because it is enforced by the local council, they have to pay the levy, but they don't get the benefit from the BID. The scope of the BID is also wider, so the issues of the local estates are less prominent. But there are cases that involve just one estate. For placing a barrier to close of the estate after hours, has been a meeting with the people in the area of that barrier. So there are specific meeting for specific projects, but the local groups don't involve themselves.

#### Cooperation between five estates

In previous projects there were initially six estates involved in the European project Gateway. They were purely picked because they were the most run down, oldest industrial estates in the region. Then in the second wave, with funding of advantage West Midlands, they took up another estate, which took it up to seven. And when looking for setting up a BID, at initial door-knocking, two of the industrial estates gave a clear indication that they didn't want it. A given the ballot for the BID has to be a majority vote, there was no point in including them. Unfortunately those areas were the poorest areas, with the smallest businesses and most industrial based, but they felt economically that they couldn't support and pay the levy. They didn't feel they had a sufficient problem to be involved.

Which is a shame, that they couldn't see the potential of the BID. And then those other five went through the ballot process.

#### Organisation and structure of the BID

The main or top body is Image Business Partnerships, they are the governing board. They are voluntary, therefore they are independent and they are representatives for the businesses on the estate. So the businesses themselves have control over their money, which is the main point of a business improvement district. Feeding in to that, from the side, is the local government authority, because they are the collecting authority, there the people that are collecting the bill. So there have to be a sort of two pronged approach. So a representative of the local authority sits on the board as well. So they do have a say and can give guidance as well and have a more legal background. The BID cannot provide any services that should and are legally provided by the local authority.

Underneath that is British Business Parks, as a partner to the project. They provide the daily management and the consultation and financial guidance. British Business Parks attends board meetings and manage the day to day business. Underneath that are the contractors that are employed to do the work, soft landscaping, security cameras. The security measure the first two years was mobile security that went round the estate, and now there are CCTV cameras. The project manager instructs the contractors on a day to day basis and reports to the board.

The board meetings are monthly for about two to three hours. They don't have to be, they can be quarterly, but the chairman and board are very hands on and want more involvement rather than less. There are five board members at the moment, one of them is the chairman. Those board members are directors from all the different business parks. Ideally they want more business men attending the meetings because then you would have more people representing their own businesses. They don't seem to want to commit to the board, but it is a lot to commit to when you have got your own business to run. Then there is a representative of the local authority and the project manager. The Business Park Co-Ordinator usually is there for office support as well. And the police used to attend but they went through different changes and lost the person that used to be their representative.

The next ballot for the BID is in March 2012. There is hope for the BID to get the ballot again, but it depends on what the economy is like. If the BID is not voted back in, they take down the CCTV cameras, the site won't be monitored and it would undo five years of work. But if the recession is how it is, those businesses can't afford a new five year levy.

The levy is based on the rateable value of the property. The larger properties are paying a lot, there is a cap on the maximum amount. However that is per property and some businesses have got up to seven properties on an industrial estate so they can have up to seven times the maximum amount, maybe well over 7,000 pounds a year. That is a lot since they are not large international companies. So within the board there are discussions over the next ballot and how the levy should be paid.

The organisation changed over time slightly and is more business led now than it was before. Previously the directors were just coming in and nodding to what was being said, it was very much led by the local authority and British Business Parks. But now they are paying for it there are more driving it. They feel more accountable and see it as their responsibility. Which is good, because that is the whole point of it. Some companies feel more bonding with the estate, because some are investing money in the appearance of their properties. They are taking more pride in it. It bonds them more to their community, than previously. They certainly now their neighbours better than they did before. At the general annual meeting we invite all businesses to the meeting and they got to meet the business on the estates. Normally they wouldn't have to meet those businesses because

they don't trade with them or do business with them. They feel more united. Ideally the BID is trying to encourage a network formation within industrial estates. One of the initiatives of the BID was a booklet, they reached out to all 280 businesses if they wanted to be in the booklet, but only six to eight businesses wrote back to that. So some businesses are so reluctant to be in the BID that they can't see the bigger part such as network activities. With retail BIDs it is probably different because they are the big international companies. They have got a more corporate backing and a more corporate vision and usually a more collectively corporate business programme. Were smaller and local businesses don't really care about the environment. Were multinationals are legislated to care. Also retail town centre BIDs are completely different from industrial estate BIDs, because they see the direct advantages of a better, safer town centre, they generate direct income from that. For the vast majority of industrial estates a BID doesn't do that, even though the decreasing crime is better for their business is doesn't directly generate income for them. A retail BID is more commercial, more focused on marketing and promotion of a town and has much more of a community spirit to that. Industrial estates are more selfish with the BID what can I get out of it, instead of for the community.

#### The BID and spatial planning

The BID has no direct links with spatial planning. The representative of the local council that sits on the board, works for the economic development team that looks in attracting certain businesses to their town, to generate jobs, and where a business should locate. The BID has only a very minor role. The BID could put in an objection for a certain company to locate at the estate and that is rare and only happened once in the three years of the BID. So the local authority is for spatial planning and the BID only has a representative and advisory and consultation role. The BID can voice businesses that have a problem with certain planning policies such as the location of a new firm. The local authority could take guidance from the BID board, but the BID board has no special say over planning regulations or economic development or inward investment. The BID is only a vehicle for inward investment, if the estates look good, it may attract new companies to the estate. That is the goal that the council sees in it, that is their benefit from the BID.

The legislation won't allow the BID to have more say in spatial planning policies. There are very strict roles and guidelines about spatial planning in the UK. They don't think that will ever change to involve a BID in spatial policies.

The local authority informs the BID on what economic developments take place and could affect the BID or industrial estates. But it is in form of feedback and information sharing. They tell you their plans for the long run, so you are aware of new developments.

The local authority sees the BID as theirs, since they take a seat in the board. There is full support from the local authority for the BID.

#### Looking back on the BID

Within the budget they have, the BID has fulfilled the aims it had. Crime rates have dropped. It shows from questionnaires taken out that businesses see the improvements of the BID and feel safer on their premises.

The understanding of businesses for the BID has failed in some way that businesses didn't understand the BID itself. Some businesses said there was misleading because they didn't understand where they were voting on. Because of the word bid and previous arrangements, some thought they were bidding for funding and misinterpreted the fact they were asked for a levy. So the warning for new BIDs is don't assume that people understand things, explain everything. The first years is very hard work.

### **Door-knocking Cannock Chase BID**

Various businesses in the Cannock Chase BID

The most striking of the door-knocking session in Cannock Chase was the rejection of the BID. Many entrepreneurs at first did not want to talk about the BID at all (some even started by saying they did not know anything of a BID). After explaining our visit to Cannock Chase, most businesses reacted very strongly against the BID. The common thought was that the BID was imposed on them, they did not feel the benefits they should have and they didn't understand how the BID boundaries were chosen. Why were they in the BID and the neighbouring estate not? One entrepreneur even answered our question of what he thought of the BID with:

"The BID is a f\*cking disgrace!"

## Interview developments Coventry City Wide BID

Les Reid – Coventry Telegraph

### History of the City Centre BID and the City Wide BID

The City Centre BID predates the City Wide BID. The City Wide BID was implemented in 2007 and the City Centre BID was some time before that, which was relatively none controversial. The City Centre BID and the City Wide BID are completely separate. The businesses involved in the City Centre BID are not involved in the City Wide BID, they are entirely separate with different boards. The City Wide BID, which is called Coventry Best for Business, is on 84 business parks and industrial estates, rises about 2,500 companies from all sectors. Many of them are backstreet industrial units; some of them are component manufactures for the car industry. On the other end of the scale you have high-tech manufacturing companies such as those on Warwick science park, which is part of Warwick University, those companies are also involved in the BID. As well as big organizations, such as Coventry City Council, which I think is a levy payer, and CV One which is a public private sector city management company. For some reason they are also involved in the BID and have a position on the BID board. I am not quite sure what the reason was behind that, obviously those companies will have property that is within the boundaries of the City Wide BID. You could also speculate that for political reasons it is necessary to have those big players in the city on board and involved with the scheme. Plus of course some of these big organizations have a financial stake in the BID. For example, part of the BID package is to promote the city, the revenue that comes from the BID levy payers from the levy goes to CV One who is responsible for promoting the city and market the city. Some of the revenue from the levy payers goes to a big concert in the War memorial park, once a year in July, called the Godiva festival. And that kind of thing, for small businesses on industrial estates in particular, feels alienated by that. They ask the question why my levy, my money, my hard earned money, is going to a concert in the park, without any abstract notion that it will help my business. In terms of promoting the city, they feel they are quite remote from that. Those big organizations such as CV One and the Chamber of Commerce have a financial stake within the company.

The Coventry and Warwickshire Chamber of Commerce has advice schemes, they call them Business Area Champions, who go out and give advice to the levy payers. And they receive a budget for that again, from the BID company, which of course the money comes from the levy payers.

### Differences between companies

I imagine all companies have different needs and this is part of the problem. I think the reason why you have got potentially the first ever vote on scrapping a BID in England is because this was a wide vast scheme; this is the biggest BID in the country. And therefore of course it is more difficult to find consent and consensus about the kind of needs that businesses and organizations want. There is a big difference between the manufacturing and science park on Warwickshire University and a small industrial estate which is predominantly for traditional engineering somewhere in a remote deprived area of Coventry. So they do have different needs and yet the benefit package is quite harmonized. So the offer is the same for all levy payers. And you could say that some levy payers feel happy with the package they offer, other would not find it relevant for their business. The package in Coventry, the big key services, aim at CCTV and high speed broadband, both have been held up for technical reasons, for now more than two years nothing has happened. And that has fed descent. The descent was already there because with a wide and large scheme like this, it is very difficult to find consensus. Of the 2,500 companies a lot of them did not want to be involved in

the scheme in the first place, they didn't want to pay on top of the business rates, they did not really feel the need for high-speed broadband through an underground cable, they felt by 2007 we were all connected to broadband particularly when you are in business. They may well have felt they already had some security on their estates including CCTV, many of those estates already had CCTV. They felt they were asked to pay on average between 500 and 1,000 pounds a year for services they did not want, did not need and in some cases already had. The delays then just aggravated that. So you had a big protest really, the biggest protest the 1990 protest against the community charge, which we had in 20 years. So for example 500 companies a year have refused to pay, and hundreds have become before the magistrate for not paying the levy.

The companies successfully called for a new ballot, and ousted the board. So now the protesters form the majority on the board and they are looking to wide the whole scheme up. And that would be the first time that would happen anywhere in the country.

The ballot for the wind up has not taken place just yet because there is lots of legal wrangling, because the people that used to run the BID, including the big organizations who were involved in the board, Coventry City Council, CV One and the Chamber of Commerce, they are all creditors, they all have money spend from the BID and of course an ongoing stake, an viable part of their budget relays on the BID being in operation. So there has been legal wrangling, it has gone over to the lawyers, and that has held things up a bit. But the BID board is hopeful that the ballot will be in April.

#### Direct cause to establish the City Wide BID

I think in local government and in local business organizations generally, they seize on the pots, the spending pots available from the national government. And the genesis of this was new national government legislation and set up by labor government, with good intentions generally, to establish new services, additional services, for businesses with those businesses paying extra money. With the guiding principle that only if the businesses wanted to pay the money and wanted those services. That was the intention of the legislation. Once the legislation was in place towns and cities, as they do, recognize a potential new source for revenue and I think that is often the big cause of it. It was probably the Chamber of Commerce or CV One who were the driving force behind the City Wide BID. Again, CV One is the City Centre management company, but also responsible for the marketing and promotion of the city. And they probably saw this as having enormous potential for marketing and promoting the city, with new revenue in place to do so. They were the driving force behind it.

#### Actors involved

Coventry City Council, in that stage, must have been involved, because the local authority is the levy collecting authority and collect the money on the BIDs behave. So they were involved in the democratic process. There is an independent authority that arranges the ballot. As of with most things in the city, the local authority must have been involved in it at an early stage. To that extent they would have an active part in establishing the BID. And they wanting the BID certainly would have helped CV One and other people establish the scheme. But the question there remains, to what extent really were the companies involved in this BID. The driving force behind it, I doubt it, I very much doubt that this was a kind of bottom up campaign by companies desperately wanting to pull a certain amount of funding to improve services. And most of them will tell you that it was forced upon them. I can confidently say that the majority feels it was forced on them, because in the original votes something like 15% of those 2,500 companies voted yes. I think there was a turn out of roughly 30%. And the split was right down the middle, roughly 54% voted in favor and the rest voted against it.

The 30% turnout is very typical for the local council turn out. The local council election turnout is roughly 30%, at least they have been for the last ten years. It is a very typical turn out for something like that. Some of the companies would say they never knew anything about it and they did not receive the literature to tell them about it. The BID company says that that is not the case, that they assured that every company got the information.

So you have a democratic deficit then. If you do not have a majority vote in favor, they did have a majority on the overall turn out, but only 15% of all companies, then you have democratic deficit. It then gets very difficult to get consensus and to get people thinking about the scheme. When you start from that problematic base, then you better make sure it goes better from then on and of course it has not. The main services that people wanted are still held up by technical problems laying underground cable that would deliver CCTV and the broadband. You can not really blame the BID company for that because it was all tied up with the City Council project to wire up schools, council buildings even electronic timetables at bus stops, to this massive underground network. It has hit problems at all places over the last two years. Doing better now is that most sites going live, in terms of the council project later on this year, but by that stage the new BID company was formed with a majority of protesters which want to get rid of the scheme. They suspended the whole rolling out of this underground cable. They suspended the entire CCTV broadband project so as thing stand, it is not going ahead. The BID protester, who now form the majority on the board are now looking for cancel and stop pay outs wherever they can ahead of the BID and ahead of the ballot.

Clearly there was already a smaller BID within Coventry. So they could have the smaller constituency of businesses. You can speculated that marketing and promotion companies like CV One saw an opportunity there and although they are supposed to be utterly city centre, they started to become wider organized and become a more promotional tool for the whole of Coventry and a part of Warwickshire. So they became a quite regional organization, or at least a city wide organization. So since they were the driving force behind the BID, than you can understand why they would want a city wide levy, which could promote the city as a whole.

#### BID board change

After two years of very noisy protests with the media on board, particularly me and my editor. We listened to all sides, considered all sides and decided that actually this scheme is not working. There is not anything like consensus or popular backing in the city, quite the opposite. It is a valid protest. So after two years of protest, those protesters realized that within the legislation, they were able to call a new ballot. I think after two years, the legislation enables you to have a ballot, they held the ballot last summer and the protesters where voted in overwhelmingly. Twelve of the fifteen new board members were against the scheme. Pretty much all of them in favor of winding the whole thing up, or substantially reforming it. And that is the mandate the had, because on the ballot form, next to the biographical information of the elected, voters could say whether they were in favor of a reform or a wind up. The new board was formed in September and that was a game changer, that was when things really changed. Since then they are looking towards having a democratic ballot, on whether companies want to wind the scheme up. Of course it id very often in politics the very noisy minority that give an impression that they are the majority and weary of that the BID company says it will do all that it can to reach out to companies which had been silent on this till so far. And if companies who may want this scheme come forward and take part in the democratic ballot, the BID boards intention is to raise the turn out to beyond that original turn out of 30% and to give it some democratic credence and also some democratic validity. I have to say in the two years of writing on this, I have not seen one company come forward

and say this is a marvelous scheme or even say I support this scheme. So, if the silent majority is out there, they are still not coming forward.

Of course another problem was they hit recession. And so of course so many manufacturing components companies for Landrover or other big companies under threat first of all long term decline and then the recession, you ought to be pretty angry to forced to pay out a 1000 pounds a year for services you are not getting. And that is the process.

It is difficult to establish a sense of community when it is such a vast area. That is why the smaller town centre and city centre BIDs seem to work quite well, there is a sense of community there. And you do have a chance to establish something based on consensus or some common need. It is very obvious; if they have a town centre that deals with crime then they will easily get the majority to say we want to increase the common need in a smaller area. It is very difficult to establish that in a vast area.

Not just geographical but the disparity of sectors. They are not all going to have the same needs. But I will say it is largely geographical. For instance you may speculate that the small industrial estates in deprived areas may well be more susceptible to crime than big retail parks. That already has some security in place.

#### Financial side

The levy in total, the budget, is about two million pounds per year. About a fifth of that, 400,000 pounds goes to promoting the city all kinds of marketing and promotion, and within that about 160,000 pounds goes to helping finance that Godiva festival, a three day pop and rock festival. Everybody like it, but not the poor components firm on the backstreet, who's many goes to paying for this. Then you have some of the budget going to Coventry and Warwickshire Chamber of Commerce who provides the business advice champions, which provide advice to businesses. Some of the money goes to CV One for monitoring the CCTV that is there, just a handful of these sites now have CCTV. So they are the big areas of expenditure.

A lot of the businesses say, we pay council tax, so we should have been given these things anyway and indeed some of these estates already had CCTV. So that is the major force of content, haven't they already paid enough on taxes to have had these things already. Plus broadband a thing we al had by 2007, though you can argue about the speed, the problem is with this broadband scheme it was going to be the highest fastest broadband at that time, but that since has been sub ceded. Providers now offer a far faster broadband.

#### Initiation phase

The authorities would say there had been a long and thorough initiation phase. And they would tell you that every single business was posted information and properly consulted on this whole thing. They say every potential levy paying business was mailed with the relevant information. But the businesses say they never even received it.

#### Business plan

Whether the business plan was set up before the BID board or the other way around I don't know. But I would imagine that must have been some plan in place before the ballot, but presumably it would have been authorized after the first board was set up. And therefore would have been fine-tuned and signed of by the board. And the board was heavily comprised, by big organizations in the city. They were used to running business organizations and government organizations, they were the people that were really driving the first board and I imagine they drew up the business plan. To what extent there was democratic involvement in the business plan, I don't know. Simply on the bases that you cant have 2,500 companies all collectively drawing up a business plan together, it may have been



in the consultation process which may have been given the illusion of it being entirely democratic. Otherwise the business plan would probably be decided upon by just a few.

#### Board change

The legislation allows for the board to change every two years. The legislation hasn't changed. But whether all BIDs have enacted on this is unknown.

The Coventry Chamber of Commerce is the leading business organization for the city and they have a vested interest in the scheme, but I also think that they generally realize they have to represent the interests of their members and their position throughout the last year, particularly into the run up to the ballot and the new board was that they were in favor of another ballot. In particular an alteration ballot, which in the terms of the legislation would revise and change the areas of expenditure in some way. So they were seen in that way, in support of what protesters were asking for; a ballot over the future of the whole scheme. They were publicly supporting at the time. But then people would come in and the Chief executive of the chamber of commerce resigned from the board. Publicly stating that she was doing so because she felt that as part of the consultation ahead of the ballot, on whether the scheme should be wind up, levy payers weren't properly informed, they were only hearing one side. It was therefore up to her and another resigning board member, the chief executive of CV One to state the other case, were we to wind the scheme up, there would be problems with the budget. It may well require another year of levy in order to meet the wind up costs. CV One and the Council were also owed the many, they were creditors. It was the Chambers responsibility to inform the levy payers of the problems and the financial ramification consequences of winding the whole scheme up.

Along side the Chamber of Commerce they made a public protest against this scheme on behalf of a significant number of their members who were involved in the BID. And they called for a ballot on the future for the whole scheme. I think they also called for paying back some of the levy to the levy payers for services not received. Some of the city council, or some of the people in public positions took that position as well. Since September when the new board came in, those big organizations have not really been very helpful in progressing towards winding up this scheme quickly because they have been arguing over what money is owed to them and what money they would lose where the scheme to be wind up. Officially those organizations are saying that they don't want to get in the way of democracy, they are all in favor of the ballot, but levy payers need to be properly informed and if there were to be a ballot that voted in favor of winding the scheme up, all creditors should be paid of. All debts should be paid for and that may require another year of levy.

The BID board is trying to avoid going to a ballot that says you have to pay another year of levy. That is politically problematic. So they are now going back through two and a half years of books, trying to identify money that was wrongly paid out. So they are trying to salvage money already spend, that shouldn't have been spend, putting that money in to the costs of winding up, so they don't have to issue another levy.

In this case big organizations are saying it is going to cost money winding the scheme up simply, because those companies are owed money. They don't want the scheme wind up without them as creditors getting every penny back. But it is not a big sum, according to the new board something like 1.5 million. So they need to find 1.5 million to pay of a loan, that was issued by Coventry City Council, for the broadband CCTV project that never happened. And they need to pay of much smaller sums to CV One and to the Chamber of Commerce for monitoring the CCTV and for the Business Area Champions.

#### In summary

It started off badly, there was a democratic deficit there, only 15% of the levy payers voted in favor. Then the problem of what are companies needs. The feeling of we don't actually need those key services being offered for CCTV and the broadband in particular. Thirdly, two years of hold ups in delivering those key services. All those things combined triggered the process of companies refusing to pay, being sent out red letters, then being sent to court. They would say to the magistrate, look we are forced to pay for a scheme for services we are not even getting.

#### Future of the BID

I am skeptical at this stage. The problem here is the big constituency, it is a big area. It is very difficult to get consensus on what services people would need. I am skeptical on if you could ever reform it with a new direction, having anything like a form of consensus on what people want. Apart from anything else, it does not appear to be the popular will to reform this BID. I thin those levy payers see, that in any scenario they would be asked to pay for things like city wide marketing and promotion, they find it to remote for their businesses. It appears to be popular voice that the scheme is to large. So I think it should be wind up.

The key factor in the legislation was, you only have these schemes if people want them. If they want the services and they want to pay for them. That works better in smaller areas, where there is a common need.

## **Interview involvement City Council in Coventry City Wide BID**

Stan Oldridge – City Council Coventry

I am the investment business manager at the city council, and responsible for inward investment activity. I represent the City Council business support activities. And I guided the BID proposal through the approvals it needed from the City Council back in 2006.

The city has had an enormous structural change since the late 70s. We were predominantly a manufacturing city, but the public sector, the retail and distribution and the professional services, are now the dominant three sector in the city. So the city has changed dramatically in 30 years in terms of its employment structure. And we are now fortunately placed in the sense that we have two universities affectively in the city, Warwick and Coventry University. And the potential growth area for the West Midlands region is considerate to be Solihull.

We have a whole range of business areas, we have two university related science parks. And we have some attractive, modern, business parks and industrial areas. But being a historic city we have also areas where the property is less attractive. Rates are lower and they play a different role within the property market. The BID identified, a total of about 80 small industrial estate areas and business parks, and within those areas, they identified around 2,000 businesses. So the City Wide BID, excluding the city centre, covers around 2,000 businesses at a lot of locations. There is absolutely no overlap between the City Centre and City Wide BID, because they have to be separate because otherwise some of the businesses should have to pay the levy twice.

The City Centre BID was first established. It predated the finalisation of the legislation, so it existed before the BID regulations were formalised. Though the City Centre BID existed successfully, and it encouraged CV One and the Chamber to bring forward a proposal for a City Wide BID. So that is the background of it. Bear in mind that it is open to anybody to promote and bring forward a BID proposal. So the City Council, was in the role of receiving that proposal. And following the regulations, we had really one decision to make; whether or not it conflicted with any of our strategic policies. And that is the decision we as a council had to make.

The BID was effectively driven by the two parties CV One and the Chamber. There were services that were proposed in the BID that were to be delivered by CV One. But the principal action was bringing the proposal forward, taking it to the ballot and in a sense deliver other services. In a sense the City Council received the BID, and it has that formal role of decide whether or not it supports the BID. And the members, the council, welcomed the BID, it was in line with its priorities and policies and it agreed. But the Council made two important cabinets basically, which I think were wise. It recognised that whilst the City Council might welcome the BID proposal and welcome its benefit package, it was the businesses that were going to bear the costs. So the principal of the BID was welcomed, it recognised it was something for the business community to decide whether or not the benefits were commencement with the levy costs. The history has shown that some businesses have found that those two things were not welcome. So the principals were good, but it was for the businesses to decide whether or not to go forward. We also decided not to take part in the vote. Because we have a significant property portfolio and that could have influenced the vote. And we felt

it was inappropriate for the City Council to influence the vote, which had to be decided by the business community.

The BID was offering some significant benefits, particularly towards our ICT infrastructure. We have the benefit of having a network of fibre optic cable throughout the city. And around the time the BID proposal came forth, it was our intention to connect all the City Council property throughout the city, school, hospitals everything to that network with a high-speed, next generation broadband access. At the BID was able to offer the connection from that core ring to the business parks. So the idea was that we would facilitate together internet access to the business commercial areas. Which was an interesting objective. Other benefits of the BID was the service package such as security issues.

The City Wide BID was a significant step forward from previous BID activity, which would have been principally city centre based. And it was led by the two proposers. You cant judge but I think as I reflect back, that the driving force behind this all was CV One, saw the opportunity and went for it.

Best for Business is sort of the branding. Business Improvement District doesn't really offer you a sort of branding, so Coventry Best for Business is exactly the same thing as the BID. The governance arrangements are that there should be a company limited by guarantee. A private company that reinvests its profits and that is the normal structure. The City Council has one seat on that board. The ongoing duty that we have is twofold really. One is the collection of the levy and the second duty is to ensure the viability of the activity. In other words if the BID looked as if it might fail financially, we have a responsibility to step in. So that is part of the regulations.

There has been quite a discussion about the BID boundaries for some time. Essentially the estates were identified, being business parks or traditional industrial estates. There were cut of points in terms of the size of businesses, and also the decision is taken not to include retail. So the BID could have included the major out of town retail but the decision was made not to include them. I think principally because the BIDs benefits would have not really relate to the sorts of businesses, not so appealing. Take the security issue, a supermarket would tend to have a more sophisticated security activity already, were as small businesses on a industrial estate are terribly vulnerable. So these sorts of differences. Someone from within the BID team, identified the estates across the city and a very precise boundary was drawn around them and there is a complete listing of every property. That is really how they were identified.

One of the challenges of the BID was that there was not a lot of connectivity between a science park and a small industrial estate, which is possibly of poor quality. And the needs would be quite different. That issue was inherent to the fact that everything that has a industrial or business nature was included in the BID boundaries. You could have other scenario's were common groups of activity with a more consistent theme, would run through the estates that were chosen. But of course then you would have issues of scale. And the scale was important from the sponsors perspective to make sense of the benefits package. So there are lots of issues and challenges in the decisions that were taken. The businesses hadn't had a say in whether the were chosen to be in the BID. And the proposers were the ones that chose who were in and who were out. That was entirely their decision. The regulations effectively allow for that to happen. And it is the vote that decides then whether or not to have it and the people who vote against then have to pay the levy, that is part of the deal.

The business of the estates were businesses sharing the Coventry business community, but that is as far as it went for cooperation between the estates. Part of the proposal, and part of the delivery is Business Area Champions. Those individuals seek to support the businesses in the environmental issues they face, be it traffic or access etcetera. One could imagine that they could bring some cohesiveness to some groups and businesses through their presence and help with the identification of common needs.

Some of the estates had business associations, but the Business Area Champion is really the local connection between the BID company and the estates. Maybe the Business Area Champions have promote business area associations, but I don't know. I do know some associations still exist, those associations still continue. In a deprive area, Woodend, we had already established a enterprise centre, to work with the businesses. Those businesses suffered particularly from crime and environmental issues and our centre preceded the BID in a sense that we worked collectively with the businesses to address the crime issues to bring business support. And we were very successful in that businesses worked collaboratively to create a crime prevention scheme and lots of environmental issues. We found that the estate former had a very poor reputation, and businesses were leaving because of the crime issues, where now the area is fully invested. Now the BID was overlay on top of that and that worked positively in that the BID has given to the estate a proportion of the levy back to the estate so that the estate could fund the ongoing crime reduction. So the BID security was superficial next to a warden on the estate securing the area and clearly the estate wanted a higher standard.

Other challenges for us, on our estates, because we took a levy of the businesses as a service charge to maintain the estates and to provide some security measures on some locations, so there is a discussion about the impact of that as a commercial issues of the City Council.

The BID was chosen as the form of management by the proposers CV One and the Chamber. They clearly saw in their experience an opportunity. As a collective response they saw substantial benefits. The BID activity in the City Centre had been pretty successful so the model there was something that worked well and the were looking to replicate it.

In the organisation there had been a transition from sponsorship by the two organisations to the governing by the company limited by guarantee. So at that point businesses became very much involved in the management and leadership of the BID activity. The chief executive was appointed, Stephen Welch, and the relationship changed, because the two proposers became the service contractors. I would imagine that from the situation that you had two principal actors they became one of a number of directors, with an externally attracted chief executive. In principal, it became more business led.

The BID had a wide vision when it got established; to make Coventry a leading place for business. I think people really felt that something at such scale could be transformational in terms of future opportunities, not just in terms of the BID services that were originally proposed. The vision towards ICT and connectivity, about security benefits and about promotional aspects was quite wide. It was in principal an unique opportunity.

Clearly in terms of the ballot, they wanted to get the business support and a business plan they cleared to every eligible business that was voting.

I am not aware of any spatial planning or spatial policies the BID was involved in. The overall goal originally was that it would be more attractive for investment.

In terms of regeneration of estates, the reinvestment is quite interesting. Clearly there is a market structure, you need cheap premises as part of a range of business areas. Some of our estates have remained of low quality. Other areas have been regenerated and there has been reinvested in. But I don't think we quite suffer from a cycle of aging of estates, often those premises have a role to play in the infrastructures and in the business cycle.

Clearly through our planning policies we would look to redevelop our employment sites. Some have gone for housing, because it was appropriate. If we want new estates, we do would fit them in the wider city infrastructure.

I think the role of the Business Area Champions as an advocate is an important concept. In principal, those local people would have given the option to be the voice of the businesses in relation to the development prospects and opportunities. So there is every potential, but I doubt it is happening in reality.

## Interview involvement CV One in Coventry City Wide BID

Marc Niccolls – Coventry CV One

*Interview was conducted in cooperation with Beitske Boonstra*

About how I got involved in BIDs and what we are doing now. I can give you a little background on that, and if you have any questions you can just stop me. Coventry City Council, so the local authority, had a City Centre Management team within its organization for many years. And that team looked at management of car parks, the cleansing, and all that sort of things. Just the general management issues within the city centre. And we had a business and retail forum where we met retailers and members of the business community, quite regularly, to talk about issues that they might have. And back in 1997, the director of the city council went to America, to Philadelphia I think, and he saw an example of business improvement districts.

*Was that his aim, to go look there at the business improvement districts?*

Yes. And he brought the idea back to Coventry, and sold it to the electic members, the councillors, the people who make all the decisions for the council. He actually explained to them that in Philadelphia, the businesses actually had an involvement in how Philadelphia was run. And so, he agreed to set up a private company, working in partnership with the local authority, to manage those services within the city centre. And Coventry was no different from any other authority, in that: issues like grounds maintenance, like cleaning and planting, part of it would be set within legist services, and part would be set in education. Every department would look at its own piece of land outside its building. And so, if a member of the public said: "I'd like to make a complaint, or compliment or comment about something in particular", they could be bounced around four or five people before they ended up at the correct person. So the idea of setting up this partnership company was to pull all those bits of budgets together and give it all to a single company who would manage all of those elements within a defined area. And in Coventry it was quite easy to define that area, because it's got quite a compact ring road around it, so the company was to manage the services within that defined area. And so they pulled all the bits of budget together, gave it to this company. The original name of the company was the City Centre Company. And at the same time they set up a second company, named Coventry and Warwickshire Promotions, who dealt with promoting the city, marketing it, tourism, and all those sorts of things. So if there was a conference in the city, Coventry and Warwickshire Promotions would advertise and market that conference, and sort out hotel rooms and all that. So there were two separate companies running together. The City Centre Company quickly realized that with the budget the city council had given them, if they were going to add extra and bring extra services and improve the city, they had to raise additional income. And so we set up what is called a membership scheme: we went out and talked to lots of different retailers and businesses and said: "If we were to ask you for an additional fee, what could we deliver what would be of benefit to you?" And they all said the same sort of things: "If it was cleaner, if it was brighter, if there was more planting to make the environment softer". Because Coventry has got a lot of concrete, a lot of concrete buildings. And so we set up a membership scheme, and took just a small amount of money from each business, and started returning these extra services to them. And that worked very well for a number of years.

*And when was this, in which year?*

That was probably in 1998-1999, I think. And then the UK started to talk seriously about business improvement districts. And one of our business managers actually latched on to this and went to speak to people in central government about what their ideas were. And he was almost a consultant, with central government as to the scheme that we had existing in Coventry, which was very similar to the pattern we were looking for with BIDs. He helped design the legislation on business improvement districts, so when it actually came about we didn't have to do a lot, other than change the name, it is now no longer a membership scheme, it's a BID.

And I presume you understand the legislation of BIDs, that you define a sector, and then you put a package of benefits together and you ask them to vote on it by two categories: the number and the rateable value. And so I think it was probably in 2002 (but you might want to look that up) when we went for the first BID. And we got a very high percentage in the city centre to vote for it, they were very keen on it. And we got the advantage of finding it easy to deliver, because we were already doing a lot of it. We gave additional security, because we already got a CCTV network within the city centre, we provided what we call a quick-clean-hit-squad. So although we've got the normal cleansing going on, if something happened, we could react to it quickly and go out and clean it up. We had a commitment to remove graffiti, within 24 hours anyway, but if it was offensive or religious or whatever, then we would remove it as quickly as possible, within an hour or couple of hours. We provided facilities for business related things, we would help them promote their business, and we got a marketing department, so we could advise people how to market their business and all that. That was the practical side of it, but there was also the intellectual side. And that bold along quite well, and we bought a deep cleansing machine, very big monster of a machine for cleaning the pavement, which costs about 70,000 pounds. But it made a significant difference. And since then, we've bought a machine for picking up cigarette ends and machines for cleaning of chewing gum from the pavement and all of those regular grubby things that helped to improve the environment. But it also funded our entry in Britain in Bloom. Britain in Bloom is a national campaign where town centres, villages, or even streets, could enter different categories of the competition, to improve the environment by planting. We entered that a number of times and we did very well in it, but the funding for it came from the BID. So, you'd notice if you would come back in the summer, we'd do an awful lot of planting around the city, to help the environment to look friendlier. The amount of compliments we get for that is quite significant. We also have something called 'evening ambassadors'. Because there is the day time economy and there is the evening economy. And the evening ambassadors are four people, who work on Wednesday, Thursday, Friday and Saturday night, from about 7 o'clock in the evening until 4 o'clock in the morning. And they will patrol the streets. They are non-confrontational, they don't get involved in any serious crime issues, but they are there to say (you know what students are like): "Come on, you've had enough to drink, off you go before you get into trouble". And I describe them a bit like your big brother, who looks out for you. They are funded by the BID as well. That helps the evening economy. But then there are also all sorts of little benefits, that we do, we help with procurement if people are looking to purchase stationary and things like that. We'd use the book *Buying Power* to do a good deal for people.

This BID ran its term, and we ran out again in 2008 for a renewal vote, and I think we got about 85% of people who voted that wanted to keep it going. The businesses clearly see it as beneficial to them. We are always looking for ways to improve it, but we've only got a fine amount of money to work with, and we've always kept our BID levy low. I think most of the BIDs out there are 1% or above, of their rateable value, we've always stuck at 0.9%, because it represents good



value. But that still brings in a significant amount of money for us to employ those people, to deliver those sorts of services.

*May I ask about a little back in time: the consultation among the businesses for the private money, what were the motives for businesses to join such a scheme? Why and how were they convinced to join?*

I think the way that we did it, was putting a couple of days aside, and run sessions where we invited businesses in. They could come any time of the day they'd wanted. We kept repeating it again and again through out the day. And talked to them about what would increase their profitability as a business. Obviously with retail it's selling goods. And to sell goods, you have to get people here in the first place. And to get them here, we wanted to improve the environment. And looking at it, we saw the retail experience, the whole experience from the moment somebody arrived in the city until they left – not just the going in to the shop and buying goods. It was that whole visit. So we also looked at things like parking. Was parking easy? We had pay-and-display parking, were you put money in a machine, get a ticket and put it in your windscreen. We had that everywhere. And the issue we felt about that was, that you've got to guess how long you want to stay, if you come shopping you say: "Three hours perhaps". But you can always bet that when you see something in the shop you fancy, you know your car ticket is going to run out, so do you go back and not make that purchase, or do you stay and make the purchase and risk a fine when you get back to the car? So we took all of that equipment out on the central shoppers car parks and put in the equipment we got on the car park here, where you pay when you come back. That way, you are not overcharging people where they might have bought all day and didn't get a parking ticket, or force them not to make the purchase and rush back. We were looking at that overall experience. We were trying to encourage more food outlets, so that people's dwell time would be longer, you know, they might come shopping, get something to eat and do a bit more shopping before they left. We did talking to couch operators about when they bring visitors to the city, about where they drop them off and where they pick them up. So you get people to walk through part of the town rather than come from Coventry Cathedral and go from Coventry Cathedral. They can drop them off at the Cathedral, but pick them up somewhere else, so you get people to wander a bit. So we do all those sorts of things. But the reason why we get people to vote for it was convincing them they could increase their profit.

*Was there also a sense of urgency that something had to be done?*

Well no. I think overwhelmingly, people want clean, and they want safe. And those were the two main issues we looked at.

*Can you describe the period between the establishment of the BID and now, and what developments took place in Coventry and how the BID was related to these developments?*

Do you mean physical developments? One of the big physical developments we had was the development of the Lower Precinct Shopping Centre. And we felt then and we feel now, because Coventry is going to go through a huge redevelopment, I think there is a two billion pound redevelopment of the centre. It is not taking place quite, but the plans have been drawn up, so it is about to start. But we saw previously, as Lower Precinct was done, as we see now, that there is a development period if you like, and the time between now and when that happens often the environment reduces in quality. Because you got to – if you take Lower Precinct for instance, there were existing shops down there. So you have to make sure all of those shops are empty before you start the redevelopment, so the

quality of the whole area falls. And we are currently looking at something called the Meantime Strategy: the meantime between now and when it happens. And what you can put in place. We did temporary schemes; we did some temporary planting, grass in the area, just to make sure that the environment looked better, because it becomes desolate just ahead of the development. And if you are looking at urban design and that sort of things, you realise that if we sign the contract today for the central area to be refurbished, it's probably going to be five or six years before they start knocking buildings down and seven or eight years before it is finished and starting to look good. So what can you do in that meantime to make things look good as you can and make things work. So we very much had a campaign on some minor improvements to keep the place looking good. But we also put out information boards, so that people realise that you are deliberately clearing those shops, ready for redevelopment. And then once it started, putting information about what is coming. So that members of the public are informed about what is happening and why it looked so awful at the moment and what the plans were for the future. It is very much a communication strategy and about keeping people involved, and telling people how far it got each day: an awful lot of communication.

*Did the role of the BID change over time?*

Yes. The BID has a committee, a group of levy payers that actually decide how the money is spent. So the people whose business was being affected were also paying the levy, so also made the decisions like: we have to leave off that element now and do some more of this. They were actually making the decisions, rather than us. Going back to where I started, the local council is running the city and is saying: "We'll do this and we'll do that". Now the businesses are saying: "This is what we want and actually it is our money, so we will do what we like with it".

*And have the themes and the issues that the money has been spent on change over time?*

Not dramatically, no. I think because we had a membership scheme, before that, and we allowed people to express what they wanted the money to be spent on at that time, I think they have made those decisions and stuck with them.

*Can you explain how CVOne and the city central BID are related?*

They are separate organisations. CVOne was set up as a management company, to manage the city centre originally. But I think I missed a stage out. The City Centre Management Company and Coventry and Warwickshire Promotions came together in 2002 and formed CVOne. So it was a first city centre management company that also had responsibility for tourism. And so we were dealing with a whole new element, working with the tourism people. We were actually communicating with couch tours, we got a new direction, could have more impact. So we worked together with them. But CVOne actually set up the City Centre Business Improvement District. So it always had a sort of guiding hand if you like. And was, I suppose, the key service provider to the business improvement district, because we managed the city centre, because we control the cleansing and maintenance, because we deal with monitoring CCTV. We actually provide the BID with all services. So some of the funding that goes into the BID is actually through our direct management: the council gives us money and we put that money into the BID to help, support it and make it work. So some of the funding comes from the levy payers, some of it comes from us.

*Are there also members of CVOne in the board?*

Only one. There are six board members. And our chief executive is actually one of the members.

*And is the CVOne focus mainly on the BID or is CVOne also doing other things?*

Our focus, because we've got the tourism element, is that we also sort of spread out into Warwickshire. We don't manage other places like, the obvious one would be Stratford, with Shakespeare. We don't manage that. But we sit on a sort of joint tourism group with representatives from Stratford and Warwick and Leamington. But no, the BID forms a very small part of our business, because our key role is to manage the city centre in its entirety. So where the retailers have a focus on their bit of the business, we have a focus on the overall.

*Where there alterations in the other institutions or agencies in Coventry when the BID was established? Did the council make alterations?*

Not really, because they had already set CVOne up to manage those things. So no, there wasn't. But are you familiar with the City Wide BID?

*Yes, we are, but we'll come to that later. First I'd like to focus on the city centre BID. Because in the scientific literature, I found a lot of references to CVOne. And I was wondering how CVOne and the city centre BID is part of a learning experience or learning network. From what places came people visiting?*

I think, because CVOne was managing the central area already, and it set up the city centre BID to enhance what it was doing, and it was already delivering these services, it all came together very easily and it worked very well, because it was part of an existing package. There were no stumbling blocks, people clearly understood what the area was that we were working within, everybody understood the defined area for the BID, and you've also probably found that with BIDs, there is a far clearer understanding from retailers of what a business improvement district is, than from another sector. From the retailers, Boots was very involved, Marcs and Spencers was very involved, some of the bigger retailers were also involved in the formation of BIDs in the UK, and had an intimate understanding, where as different types of businesses, even now you can go out and ask: "What is a business improvement district?" – Probably about half of the population will say: "I don't know what you are talking about". But retail is very strong on it. So it did make it a sort of cohesive package and it worked very well, and everybody understood it, and everybody had the correct expectations from it as well. Nobody expected it to deliver things outside of the scope. They all understand it very well.

*And have many people visiting Coventry?*

To look at the BID? Yes, quite a few, certainly in the early days. When BIDs were new in the UK we had a lot of visitors. But we also had a lot of visitors to look at CVOne. Because what we do, being a management company, working in partnership with the local authorities, is quite unusual. Most town centre management companies have probably one or two people with a budget of 100,000 pounds a year or something. And they have to generate their own salary and everything else, where we drew all of the operational budgets from the city council. So they were giving it a sort of 6 million pounds a year, to deliver services. And then we go out and sell our services, try to get ground funding, so add another 3 million pounds to that. All of which gets applied in the city centre. We are a not-for profit company, so we have no shareholders.

*If you would describe the sense of collectivity in the BID, how would you do that, what binds them together? What makes people meet and discuss?*

I think they tend to meet probably more at the Business and Retail Forum, as opposed to the BID as such. The only time people associated with the BID and get together is a board meeting. That happens quarterly I think. But we have a Business and Retail Forum, which is like a feeder group to that, meeting bimonthly. It's open to anybody; everybody who has a business in the city centre, whatever type of business that might be can come along and talk. And we tend to take a number of people to those meetings. We tend to take the local police, who will report on crime issues in the city centre and how the city centre is performing in tackling crime. We take somebody from the city council, from their development team to talk about the future developments and what stage that has reached. And we take somebody from the BID board, who also speaks to those people about what the BID is doing, what is coming and what is happening. We probably also take someone from our marketing team, because we try to pull together marketing budgets, whereby – in the past we would have a marketing budget, let's say for Christmas, and the big shopping centres would have a marketing budget for Christmas, and each would do his own separate things, where as now we pull it all together and have a big marketing campaign for Christmas. And we will probably do a television commercial about Coventry and we've got this happening and that happening. So we would deliver all those things to them and do that for them, say: "This is what we are doing", but we will ask for anything that they would want as well.

*So the Forum is the place where people really meet?*

Yes.

*This morning I spoke to Julie Moss from Birmingham, she is from the city centre partnership there, and she explained to me about the BID network exchange group.*

I think that would be where the different BIDs meet and exchange ideas. I don't know about them, because I am not so close to the BID personally. The person who was has left us, so I am not really sure.

*I learned from the website CVOne has an in-house research facility. Can you tell a little bit about that?*

We brought a couple of people in a few years ago, because first of all we wanted to measure our performance, to see how we were doing in all these differences of work. Although we have a contract with the city council, they have never set us any performance indicators. So we developed our own, so we could measure some year to year performance and to see if we were getting better or worse. And quite an important element of that is our annual survey. And we do that in two parts: we do a telephone survey, where we will phone Coventry and Warwickshire phone numbers at random, and ask them a set list of questions that we ask each year, based on crime, based on publicity, based on cleansing, perceptions of safety and all that sort of things. So we can measure the year to year perception. And we also do a street survey. So we actually stop people on the street, for instance the shoppers. One of the issues you always have to be careful of, is that when you do the telephone survey, you are not sure how old the person is you are speaking to, so you might be asking someone of about 80, what they think of the safety of the city centre at night, and they have probably never been in the last 40 years. But, at least you are asking the same thing year after year, so you have some degree. And the team puts together all of those into a report, and they look into region

averages and national averages so we can measure ourselves against surrounding towns and nationally as well.

*Is the BID also involved in the improvements of the public spaces in town?*

Only in some minor environmental improvements. If there are going to be any large scale improvements, that would happen through the city council.

*The BID is now in its second period. From when to when will this period be?*

I think until 2013. I think the first one was three years, but the second time we went for a period of five years, which is the maximum you can go for.

*And was the business plan from the second period different from the first?*

Not dramatically, no.

*Where can I go in the city centre to see some of the results of the BID?*

I would just walk around generally, and see the standard of cleansing. That is one of the most important things the retailers felt: that is was clean and safe.

*The reason why we came to Coventry is because there are actually two BIDs. We though it would be interesting to see different BIDs in one area. But when we came here and tried to talk to people about the B4B BID, we sort of found out they were not talking.*

The same person working for CVOne, who set up the city centre BID, also set up the city wide BID, the Best for Business. This was Martin Stockdale. He is since retired. And he looked at a totally different sector, because the city centre was predominantly retail, a few of them small businesses, but predominantly retail. The City Wide was looking at industrial estates and business parks. And when you start to look at them, there are some eighty-six of those around the city, about 2500 businesses. So I think it would be the biggest BID in the UK. It was an untried and untested market; a lot of it is little engineering businesses, probably only one or two employees, so every penny that they spend they account for. And although the turn out for the ballot – at general elections in this country you have an average turn out of 35 % - and the city wide BID was no different, about 35-36 % turn out. And those voting in favour of the BID were 56-58 % I think. So it was not as big as the city centre, but it was enough to take things forward. And the biggest requirements of the city wide BID were again security, and we added things like imaging, because it was important to try to encourage business to come to the city. So to make a good impression of the city, we were looking at the image. But the two big things were security, and I say two because there were two elements in security: one of them was mobile patrols, so we sent out a number of vehicles every day, and they will visit all of those 2500 businesses at least three times in a 2 hour period. It might be that they go now, and they go back in ten minutes. Because it is dead easy if you are a criminal, to see a vehicle coming and knowing it's not coming back for another five hours. So they do a sort of random returns, sometimes they return within a few minutes or half an hour, and sometimes six or eight hours apart. That is one element, a big element. The vehicles have trackers on them, tracking devices, so we know they have done it. And I was quite amazed, because I thought: there are 2500 businesses, 24 hours, so they have about 2,5 minutes to get to each business, if they go there two or three times a night. But with those quick returns it does work, they seem to manage it. And some businesses are visited about six or seven times a night. The second element of security was CCTV. You know the UK is mad on CCTV. But you

could imagine communicating with 86 sites, and CCTV that is getting it all back to one central point requires a huge cable network to be put in. Coincidentally, the city council was putting in an area wide network around the city, picking up every school, every library, and every council premise in the city. So Coventry B4B took the opportunity to work together with the city council on that, instead of one person digging up the road, and then someone else digging up the road, and then someone else, they worked in partnership, mainly because the infrastructure was so expensive. You could imagine fibre network cable all over the city, is a ten million pound project in terms of in total, not just for the BID but for the city council. A lot of people were paying their BID levy and the weeks went by, and the months went by, and the years went by, and they said: "We still haven't got ours". It was planned to take a number of years to put it in the ground. My view is that there should have been a loan put out to make that infrastructure before they started charging people for it. And then when they charged them it was to pay the loan back. But a lot of people have paid but haven't seen anything. So there has been a bit of an uprising amongst the levy payers that said: "We don't want this, let's scrap it. I have paid all my BID levies, and I haven't got anything apart from this mobile patrol", of which a lot of businesses again said: "I have never seen it". Well if you are in your business all day it is not when you need it, and when you are not there at night when it tends to have more of a focus. And so a group of them got together, and started a movement to get rid of the BID. And they brought about a vote for new board members, and they got themselves voted onto the board, and they now have a self driven mandate to close the BID down. It is actually three years old in October this year. So if it ran till then, all the contract that were let to deliver the CCTV, the mobile patrols, actually expire. But I think they want to bring about the closure before that. Again, a personal view is that they would have been better to go for an alteration ballot, and say: "We are happy with the mobile patrols, we are a bit iffy about the CCTV, and we don't like the image side at all, so let's get rid of that". And at the same time, they could have said: "Well in this first three year period, we've paid for all that cable infrastructure to go into the ground, and we don't want to pay for it again". So actually we'd like to see our levy reduced by 50% as well. But they are being very hard nosed about it, saying we want to see an end to it and close down. Again, my personal view is that it will bring about quite a number of difficulties, because they paid for all this stuff to go into the ground, but who owns it now? I think the city council was probably the recognised creditor. So I think it will befall back to the city council, but whether they actually use it for anything and say: well we've got that cable infrastructure in, we've got that extra cameras out there, we might as well run it and use it. I honestly don't know what is going to happen. But it is a shame, because the idea of the city wide BID was good, the planning of it was perhaps a bit weaker.

*What do you think was the reason they did not go for an alteration ballot?*

I think this new board just has got the impression that: "We don't want to pay, we did not want this, we did not ask for it". They did not go out to vote against it, but by the same token they can say they didn't ask for it. They just want to get rid of it. They are not interested in any of the arguments, any of the logic, they just want it gone, which is a shame, because there has been a lot of hard work on it. It is at the point of completion almost, and they will throw it all away.

*You also said that retailers better understand what a BID is, and now you have to deal with industrial estates. How do you think that difference feels?*

A lot of these small engineering companies just see that they are there to make their widgets, and sell them on, and they don't see the overall benefits of bringing

security, making the business parks more attractive for new businesses. They are focussed on their own business and their own business only.

*So they don't see a benefit in working together?*

No, which is, again my view, a bit short sighted. Collectively they could do great things. They could make the whole business estates more vibrant, they could attract new businesses, and they could make them more secure. It is almost limitless on the city wide BID, but just because the cable infrastructure was so expensive in the first term, on a second term they could have said: "We'll have the grass cut every week, the trees, put up flags". Make it look quite spectacular. But they are not interested. When you think there are a lot of them, the BID levy must be about 500 pounds a year for some of the small businesses, which is 10 pounds a week. It is not a great deal for a business to work out for the benefits they could get back. And probably what I missed out saying was, while we put that cable infrastructure in for CCTV, we also put a cable infrastructure in for broad band. So every business that wanted it got broad band for free. Well not free, because you are paying 500 pounds a year. But I think if you look at a business connection for broad band it will probably cost you near that anyway. So if you like: if you are paying the broad band, you get the mobile patrols, the CCTV for free.

*I was wondering when I read the BID proposal for the city centre: it says some of the businesses are too small to pay the levy, so were not included in the BID. In the city wide BID, were they all included or was there also an exclusion made?*

No, I think they were all included. I think in the city centre it was not the size of the businesses particularly, but the type of business.

*We spoke about the levy of the city centre BID, is there a difference in the levy paid for the city wide BID?*

I think there was. That probably came in 1%, where as this one 0.9%. But I think there was also inflation of the city wide one, and they needed that additional money each year for the infrastructure.

*So the amount of money needed for the infrastructure, determined the amount of businesses and the amount of levy?*

Yes.

*CVOne was the leading actor for the city centre BID. Where they also leading for B4B?*

Because the city centre was fairly small, CVOne delivers a lot of services to the city centre, and actually provides the administration for running the BID. The city wide BID, because it is so much bigger, actually has its own company, which is Coventry Best for Business. It's not a huge company, it has a chief executive, it has an administrator, and it has one other person when the business plan was written. And that was just to deliver the administrative duties, around the BID. I think they may have taken on two or three additional people, because they felt they needed a project manager to deliver the technical side of things. But that was a fixed contract. And they took on someone who had been a solicitor. They needed to obtain way leaves. Are you familiar with way leaves? It's a planning term I think, if you are installing external equipment outside a building, you need the type of permission to do that, because it alters the environment. So you have to get the occupiers permissions, and when it is of a certain size you have to get

planning permission as well. In this case, it's just the tenants' permission, because we were putting CCTV or we were putting the receiver for the broad band on the outside of the building. There was a lot of legal documentation to be made, so again they took in a temporary solicitor to carry that out that work. I think a way leaves could apply as well if you are running a cable across somebody's property, or premise. I think it is just type of planning term.

*From your point of view, what do you think went wrong with the city wide BID?*

I think the planning. The cable infrastructure was so expensive, that it took priority over everything, took all of the money, and took a long time in being delivered. And I think if people had not been charged prior to that, then we would have had the objections that we had. I think it is the fact that people have paid and paid and paid and seen nothing. I think if they had paid and seen something, they would have said: "Yeah ok, a bit expensive perhaps, but at least it helps me with my business".

*And who decided that the broad band infrastructure was to be put in first, or should be the main issue?*

I think broad band was added almost like an after thought, like a bonus. Because there was such a big cable infrastructure going in, that had such a capacity on it for the CCTV, and it has such spare capacity on it because it is fibre optic cable, that it was just someone who said: "We can offer the businesses something else here that would be of benefit to them".

*And whose idea was the CCTV?*

Again, I think there was a consultation period before the BID was put together, and talking to the businesses, the biggest single issue they had was security. And mobile patrols would cover part of that security, but filling in the gaps between vehicles going round was CCTV. I suppose, ideally, you would put men on it if you could afford that, having someone patrolling on site.

*What was the rationale behind making a city wide BID instead of making for instance ten separated BIDs? In comparison with the Birmingham BIDs that are adjacent.*

It was perhaps just looking at that sector, we wanted to cover the business parks and industrial estates, and it made sense to do them all together. Although on reflection it might have been better to do what Birmingham is doing and do one every time. Even if you link them all together if they were completed.



## **Interview The Wreckers, Coventry City Wide BID**

John and Dina Scott – John Scott Precisioning/Member Board of Directors  
Kenneth Armstrong – Automotive consultant/Member Board of Directors  
Keith Skinner – retired and part time consultant/Member Board of Directors

In America they don't have business rates like they have here, so if you want to have extra services in America it was quite common for you to buy the extra services. So the BIDs were quite successful there because of that reason. But in the UK we already pay rates for things like police, security and all that. So particularly in industries like this a lot of people just consider it an extra tax.

CV One was instigated by Coventry City Council to manage the retail city centre. And the first BID they did was in the city centre. If I remember right it had a few hick ups in the beginning but it seems to have settled down and seems to be working ok. What they did then, is CV One tried to grow their empire if you like, and they started on the City Wide BID and they picked 84 sites. We are not quite sure why they chose those particular sites and why they did not include everybody.

The reason probably was that they could install their program if it was in a confined area, it was an ease thing really. At the time there were 7.500 businesses, but there are 2.500 businesses affected by the BID. None retail, it was purely just industrial.

What happened, CV One recruited the Chamber of Commerce and the two of them made a proposal build on a business plan. They presented that to the council, because the council is the billing authority. The council passed it as acceptable, so then mainly the Chamber sent out Business Area Champions to 800 companies to see what the general response of the businesses would be. We were one of them and our response was that the things they were offering, like broadband and security, we did not need or want, we were not interested. So we obviously did not want to pay for it and that is how it was left. Then they launched the ballot themselves. In my opinion the ballot was fraud because the foundation of a BID is that the people who pay the money want it. When the ballot came out there was just over 400 companies voted in favour of the ballot and just under that number voted against. And the apathy was because in this country the manufacturing is very busy and most companies when the literature came through just took it as a flyer and straight in the bin. They did not become aware until the bills started coming through. Of course that was all after the ballot and then it was too late.

The BID wasn't advertised very well. The process of a BID is supposed to be a consultation between the businesses and businesses should be able to say what they would like to do with the money rather than to be told what to do. Which is why we said we did not want it, because it was a duplication of the things we already had. Coventry had the proposal, it was ok by Coventry council and then the proposal was put to the businesses and it was not a case of would you like this or that, it was just all organised by CV One and the Chamber and then it was put to us to vote on it, we had no say in to whether we liked it or not. We already said in the consultation that we did not like it, but they did take any notice on it. They had a plan and there was a lot of EU funding that they were losing, the IDF funding. CV One had lost a big percentage of funding. CV One was responsible for promoting the city and make it the best place to do business, hence the BID Coventry Best for Business. So CV One had the responsibility of image and perception of Coventry as the place to do business and they lost that funding. So the business plan for this BID was generated partly because they needed money. CV One and the Chamber were short of income and they had to make that income to continue the business they were in. The BID is raising 12 million pounds over

five years, were over a million goes to the image and perception of Coventry each year and that would have been paid by CV One, but the levy that is being raised is being raised to do so.

The flaw in the ballot is that the BID is based on the conception of that the people that participate want to participate. There should have been a minimum uptake on the ballot. Say, 40%, it should have said in the ballot, that unless 40% of the companies responded, the ballot was void. In which case they either forget it or they do more campaign.

The BID regulations just say there has to be an overall majority. We both thought that wasn't democratic, just over 400 companies can uptake 2.100 companies to pay an extra levy.

So at the time Dina was talking to a local journalist, and I was really upset by this that I said I would sooner go to jail than to pay the levy. And that turned out to be the headline she wanted. So she ran an article with my contact details in the article and anybody that would want to express any feelings at all could contact. Up until then we did not know if it was just us feeling this way. Probably like in the Netherlands, we just run this business, we don't know anybody else, we are not in contact with others. But I wanted to know if we were on our own or if there were more. And then Dina spent days and days answering the phone and writing a list of all the companies that did not want the BID either and gradually this grew into a group of protesters over about a two year period. The BID regulations state that if you don't pay the levy, it is a criminal offense. And a hundred of companies have had the bailiffs (deurwaarders) come round. For two years we and this fairly small group of companies were fighting the BID, we had a public meeting and there was something like 120 people attended and we formed a formalised protest group.

We understood in the regulations by this time that there should have been a board election. The original board was appointed by CV One and the Chamber. CV One and the Chamber wrote the business plan and within the business plan there were two contracts that gave CV One and the Chamber an income guaranteed until 2010 uncontested. Eventually, because there was a lot of publicity and a lot going on in the local press, the Chamber because they got an image to maintain within Coventry tried to persuade the board to either offer repayments or to call an election. We found this out after I became a board member that the protest group was called the Wreckers by the old board and the old board went to the Queens council about what they could do against these wreckers. The Queens council pointed out to them that should have held an election for the board on the 31st of March 2008. We found out in the middle of 2009. Once the Queens council pointed that out, they were obliged to hold an election. The election was for twelve places in the board that could be elected. Four places were non elected; CV One, the Chamber, the Council and the Chief Executive officer. When the ballot was called twelve of us put our names forward and eleven of us got voted in. We all stood on the platform of either making the BID work better than it is and more transparent to the levy payers or to wind it up completely. Each candidate has got to represent a sector, the area in Coventry where your unit is, the size of your unit and what your business does. The ballot for the directors was coordinated by the electoral reform society, so it was untainted.

The thing about a BID is, that you are a businesses and it is for the good of the businesses you should also be able to see how the BID is running. How much income it is generating, what they are spending the money on. The thing we have always said over the last two and a half year, prior to the new ballot was, what is going on, what are you doing. And the board deliberately held all information for all those years. We asked why haven't we held elections according to the business plan and they did not even respond to the letters. It was almost as if there was a big blanket over them. We were paying for it, but there was no goodwill back to

the levy payers. The old board just would not meet with you and would not communicate with you. So we felt very isolated because as a group of people we could not find out what was going on. Of other BIDs the minutes are on the UK BIDs website, you can go on the BIDs own website where all the minutes are published, all the financials are published. We had to pay to get the financials of the first two years. Only since we got the new board that we now have got the old minutes and literature published. This is how we found out that we were called the wreckers and that they were desperately acting to hold all information from us because of the bad publicity. And that is what we have been fighting. If we had have known what was going on, if they were honest and told us truthfully that we were not going to the broadband for another year we could have tried to make it work.

We have had regular board meeting with the new board since September. And the basic thing we found out as a fact is that CV One and the Chamber and the Council, once they had got the levy payers money, they totally ignored the levy payers, they treated them with contempt.

The ballot was flawed, the business plan was flawed, the Council as the billing authority has complete control over the company and they should have used diligence. When the BID proposal was offered to them, they did not offer financials like they should have done, they did not show them the geography of the sites. We have since found out that the business plan floored by about half a million a year. So even if all the levy payers pay, they will be half a million short every year. And that builds up every year, so we are now around a million pound in deficit. So the old board stayed on about 15 months longer than they should have and in that time they signed all the contracts with CV One, the Council and the Chamber and after we got on the board there was very little we could do about it in law, despite the fact that none of these contracts benefited the levy payers. If you read the contract most of the benefit goes to the contractors. The broadband was like the selling point, if the broadband had not been in the ballot they would not have so many companies voting for it and it is the broadband in the levy payers mind the progress of the broadband goes parallel with the progress of the company. The broadband should have been installed a year ago and its not going to be done for another year. Throughout the years, the Council made promises that they could not keep. Somebody, at the time of the ballot must have know that what they were making in public was not feasible, it just physically wasn't possible. Just before we became board members, in September, we were told that the broadband would have been completed by December last year. One month after that the broadband wasn't going to be completed until March of this year. And round about Christmas time the board made the decision to suspend the broadband completely. So this has been going on for two or three years. So we got to a state that we could not believe what the Council was telling us, so we stopped it at Christmas.

The broadband and cameras are linked together because they run through the same cable.

This was another reason why the Council was in favour of the BID, Coventry City Council wanted to be the first city in Britain to have one connection wide area network. And what they proposed was to put a circle around Coventry to connect their schools, hospitals and public buildings to this network. And what CV One and the Chamber proposed was to build spurs of the circle going to the various industrial estates. That was what we were paying for. Within the business plan, what was proposed was that CV One would go to Advantage West Midlands, the regional development company, for grants and if that grant wasn't successful CV One would take a loan out to cover the infrastructure. What actually happened is Coventry City Council lend the BID company the money and that wasn't in the business plan. And as a result we are paying interest of it that is draining our income as well. The whole thing is a bit of a shamble.

It was an ill thought, badly planned business plan and unfortunately the Council whose project it is, is a shambles and it still is because it had many problems. And nobody ever thought that that would have such a big impact on the BIDs promise to supply the broadband. They were supposed to be installed over 300 cameras in the period and they installed 60 up till now. And on the industrial parks they installed only 34 instead of the 84 parks that are connected to the broadband. That is how far behind the Councils project is which has an effect on the total BIDs project.

The new directors new that in the levy payers mind the progress of the broadband was a direct reflection on the company, so we could not just let it get on without a definitive date when it would be finished or suspend it and call for an alteration ballot to change the rules of the BID or to wind it up. The only problem with an alteration ballot if you read the regulations, is that we have to get permission from the billing authority, the council, and we wont be able to get permission from them because the terms, under which we want to have the alteration ballot, do not suit the council. So we will never agree. Because that loan was not in the business plan and the council should not have lend the money and they certainly should not have charged interest on that they cant claim the money back and we don't have to pay them. What the Queens Councils has advised is that we give the broadband or ICT project and the 1.5 million of investment that the levy payers have paid back to the council instead of paying them the loan. The council wants us to raise another levy in April so that they get the loan money back and they get the broadband for free. So that is the impasse we are in. The only power that we have got as directors is if we all resigned in mass in protest of the way the council attitude is and that is the stage we are looking at right now. So we cant hold an alteration ballot, because the council wont agree the terms and the only other way to do it is for the members to come to a deal or for the members to resign in the hope that there will be such a protest from the levy payers that the council would be forced to back down. And it looks that that is the only way the council will back down.

#### Business Plan

CV One and the Chamber wrote the business plan alone and the other mistake they made was that they should have made a business plan and presented that to the council, the council should have changed and modify it in any way to suit the levy payer more of the levy payers interest and in the business plan they should have offered a business proposal and they did not do that. They just offered the business plan. So once the ballot had voted the business plan in, that guaranteed the contracts. It wasn't done properly.

We have always said as a protest group that this BID was generated to raise revenue, we called ourselves cash cows. There was a shortage of money at Coventry council and the BID regulation was a route for them to raise 12 million pound. And there is no doubt about it that we are paying for shortfalls in funding of the bodies; the Chamber lost money and somehow they got to raise revenue to keep them going. And we now know because we got access to the minutes that have given a very poor service. The Chamber should provide Business Area Champions so that people should come in to help the businesses and they were supposed to give indicators, the Chamber, to the board to say what the worth of the work of the Chamber was doing for business that were in the BID. And they haven't given any knowledge, any indicators or whether they have been beneficial to the levy payers.

Just after we were elected, we had an induction day were the Chamber gave a presentation of what the Chamber was providing to the BID. Bare in mind that before the BID existed, the Chamber used to manage the Business Area Champions themselves, it was part of their service. So what the BID gave them was more work for the Business Area Champions to do and of them paying their salary, we paying it. So it saved them some money. And the presentation of the

Chamber was just made of statements, and one of them was that they had contacted, not visited, something like 600 – 700 companies. So we asked, what was the benefit of contacting those companies. And they promised us that they would tell us and that was last September and the only thing we have got moths later was a sheet with exactly the same statements. It is the same with CV One, we have been doing forensic accounting, examining the invoices that CV One has issued to the BID company the last two years before we were elected. And all the invoices are saying is just one-liners. So much for the Godiva festival and so on. But we wanted to know exactly where the exact money was spend on. To give an example; 142.000 pound was spend on monitoring, that is all it said on the invoice. So I started to investigate that one on my own and I got in touch with our representative for the broadband; now unless the cameras are in place there is nothing to monitor. So I asked him how many cameras there are in place in the year that 142.000 pounds represented and the answer was one. We are now trying to get the details on the invoice. But that is just not happening.

#### Business Area Champions

The Business Area Champions are people, some of them are retired, with business experience. And they come into a business and recommend improvements we can make to make it more efficient or to get more customers is. So the are most experienced in business. And the Chamber used to employ them, it was a service that they offered long before the BID. What they are doing now, and that is another problem, sometimes the Business Area Champions are working for they are working for the Chamber and sometime they are working for us. And we have no way of knowing if the to mix at all. The business plan said there should be 8 full time and we cut that down to 3.5. Because the Business Area Champions are not perceived by the levy payers per se to be a benefit to them.

#### Aims and activities of the new BID board

The new Chairman that got in was the most militant of us all and he wanted to shut the BID that was his platform. And he got the highest number of votes. The rest of us varied, but my particular statement was for the BID company to be more transparent, more open to levy payers and we needed to run the business in a better way and failing that we need to wind it up. And all directors got in between somewhere of that idea. We have all come to the conclusion in the six moths we become directors that as it stands at the moment that unless the council is more accommodating, more sympathetic to what the levy payers really want and be more pragmatic, we have to resign.

For instance if they would have done a larger campaign and gave the profile of the concept of a BID within the business community more than they did and if they had a proper and legitimate ballot and when all the companies would have known how important it was to vote and then the would have got a reasonable majority, none of us would probably have a problem. But only a few companies participated because the rest did not know what it was about. Plus I found, I have never been in the public eye before, that there is a lot of apathy, there are a lot of companies, apparently that are prepared to pay thousands and thousands of pounds and not know what they are paying for. But that is something I had to come to turns with, there is nothing you can do about it. You cant force people to vote, you cant go up there and make then vote but it would be nice if the voted would have been compulsory.

The thing was when the did the consultation and that point we were not interested because what they were offering was what we already got. Because for instance CCTV camera features are not used as evidence in the court so as far as we are concerned, it is a waste of money. But the concept of a BID can be beneficial, certainly in a retail concept it seems to work quite well because what they do is to make the shoppers save, things that benefit the shopper which in return they will have a footfall, more people coming in to the city. So in some criteria it can be

beneficial. But in this one, there was no negotiations on what we would get. What the current board has said, is that the money could have been better spend to have a big exhibition of Coventry and for us all to have gone along and to be advertised, that would have been better for the business to try to help us to export or to get new customers. That would have been a better use of the levy money instead of image, which has been of zero benefit of the levy payers. In our protest group we now got 500 companies of which we know think the same as us. If they were to do an alteration ballot that say do you wind the BID up, that 500 people would vote again.

We had a consultation just some time ago, because we did want to have an alteration ballot. And part of the arrangements to do an alteration ballot is to do a consultation process with the business community. So we had two public meetings, we advertised it on our website and we send out letters to everybody asking them their opinion and whether they wanted to become members. And there is twice as many people that want to close the BID company down, than that had voted for it in the first place. And if had an alteration ballot now, there would be like 90% that would want the BID wind up.

#### Other themes in the BID

We could estimate that there is probably about six percent of the businesses that would like the BID to continue and that is only for the broadband and a few people have said that they want the monitoring. But there has been about four meetings now and those figures have been constant. But on the whole, people want it wind up. The other thing about this BID is that if we were to close the business, the landlord still has to pay the BID even though the unit is empty. As the period has going on and Coventry suffering from the recession and there is a lot of businesses that got closed, but even so the BID company is guaranteed of their levy, because the landlord has to pay. And we think we only going to get a third of the businesses because landlords are not interested for they have a management company that will manage their portfolio so the fact is that a big percentage of the people we don't speak to, the 800 other businesses, they don't know they are paying for a BID.

In a board meeting we had, we were presented with the results of the ballot and there was one name down there that we recognised as a landlord and we know that he got 90 votes, but on the sheet we were presented with he only represented 1 and he was against the BID, so there was actually 90 votes against the BID, and that sort of things had been going on.

But BIDs can be a good idea, the BIDs that have worked the best are been the ones that have been prepared the best. In other words they done a high profile campaign and instead of telling the potential levy payers what they are going to do for them, they ask what would you like us to do and that is the difference. And the people that organise it must not be like the people here determined to get it through one way or the other. They were determined to get it through because they needed the money. If you are prepared to say I offer this BID, I offer this service and it is wanted, but if it is not wanted I am perfectly happy to walk away. In Warwick there was a BID not voted through. And during that time there was an awful lot going on in the papers so you couldn't fail to know. So every business in Warwick would be aware on what was planned and the consultation was going on at three different times wide spread in the papers to ask businesses to come along. Another thing with the Coventry BID was that in the beginning, during the consultation process, the Council was the leading party and not yet the BID Coventry Best for Business. So any paperwork that come through at the businesses was posted under the Council, so you automatically assume you have to pay just like with the rates. And many of the bigger companies just see Coventry City Council and pay it. So that is another thing that was a bit muddly and unclear and that is why we say there are a lot people in Coventry that are not aware they are paying a levy. And another thing if you go on the UK BIDs website

a lot of the BIDs are only a street or a single specific area, but this was the biggest. And we know the people in London are desperate to know what is going to happen here because it is really bad publicity for the UK BIDs. And if this BID is successful it goes nation wide.

## Interview organising park management

Carla Niezen – Projectbureau IG&D, involvement park management

The IG&D is the association of businesses within the sectors of industry, wholesale and services; industrie, groothandel and dienstverlening in Dutch (IG&D), within the municipality of Doetinchem. The association has around 300 members, of which many are businesses. The focus of the IG&D is on Doetinchem, not on the entire region of the West-Achterhoek.

The IG&D is active on three of the four industrial estates within the municipality of Doetinchem. At Wijnbergen, the newest industrial estate, the park management is obligatory. On the other three estates park management is on voluntary basis. Verheulswede is the largest industrial estate and the park management is linked to the revitalization of the estate. The Keppelseweg and de Huet locate similar businesses, but on a smaller scale.

On Verheulswede, Keppelseweg and de Huet, park management was initiated by the IG&D. All board members are also members of the IG&D.

The park management is aimed at five principle themes:

- Optic fiber
- Landscaping
- Security
- (Road)signage
- Collective waste disposal

The benefit of park management lays with the collective approach to estate improvement. The contribution to the park management foundation is based on the size of the plots of businesses. The municipality of Doetinchem transmits this information to the park management foundations.

Concerning Keppelseweg the park management is established. Many information meetings have been attended and up till now the foundation has 30 businesses contributing to the park management. Considering there are 68 businesses on the estate, this accounts for 44% of all businesses. The Keppelseweg has been revitalized in 2006-2007. During the revitalization some problems occur between the ideas of the municipality and the businesses. The IG&D, given its role as a business association, mediated between the municipalities and the businesses. The lesson was drawn that park management and revitalization should be linked instead of being consecutive. For the park management of Verheulswede this lesson has been pursued.

On Verheulswede at this moment conversations take place between the IG&D and the foundation board on which direction the park management should heading. Between the board members there is a slight preference for a compulsory contribution to the park management foundation among all businesses.

The question then is how do you implement a compulsory contribution to park management foundation on existing estates?

With regard to the current BIZ legislation, the measurements of support are thought to be too high.



## **Interview developments Verheulsweide**

Caroline Wendel – Project manager revitalization industrial estate Verheulsweide

At this moment the situation at Verheulsweide is as far as that the revitalization is being set up and the park management is closely involved to get started as well. The project manager is responsible for the money and organization of the revitalization, the planning and the communication between parties.

Verheulsweide can draw lessons from the revitalization and the establishment of park management of industrial estate the Keppelseweg. In the case of the Keppelseweg the revitalization had been done completely and afterwards they tried to establish park management. At Keppelseweg they found difficulty with generating the support for park management, because everything had already been improved. Verheulsweide attempts to connect the park management to the revitalization in order to create this support from the beginning. Another important aspect is that they would like the park management organization to function as an advisory about the revitalization.

Verheulsweide is the largest industrial estate in the municipality of Doetinchem. It covers 162 hectare and mixed industries. The estate is aged because it was established in the 1960s-1970s by the municipality. Verheulsweide comes across as an area which is every company for themselves and nobody controls the estate overall. This is reflected in the variable quality of the building, the spatial planning and the poor quality of public space. For example, in public spaces all space constraints of pragmatic solutions companies, which do not arise from a clear spatial vision for the business. Another creates a cluttered image and a negative image for Verheulsweide. Being an estate with mixed industries, the environmental category reaches the highest category.

Verheulsweide is conveniently located between various access ways. The estate is located almost directly in connection to the A18 motorway and the Bedrijvenweg which is part of the ring road of Doetinchem.

The estate can be split up into three areas. The first area locates relatively small-scaled businesses. The second area is relatively new and here the municipality developed a office location. This second area is not part of the revitalization. The third area locates mixed large-scale businesses.

There are two clear reasons for the revitalization of Verheulsweide. First of all the estate is very cluttered and aged. The roads, verges and the overall estate have declined in quality. The second reason is the development of the RBT. To prevent firms to relocate at the RBT the revitalization of Verheulsweide. Because Verheulsweide locates more small-scale business there would not be a complete exodus of the estate, but through revitalization the estate and business would be maintained.

The reason for implementing park management at the estate is for businesses/entrepreneurs to have more responsibility of the estate. Businesses would feel more responsible for the overall functioning of the estate. Entrepreneurs will be able to start-up and control collective issues on the estate. Another reason involves the financial cuts of the municipality in landscaping and maintenance. The municipality uses three levels of landscaping; sober, standard and deluxe. Through park management the estate can decide which level of landscaping it needs irrespective of the contribution of the municipality.

Next to the municipality, the project manager and entrepreneurs the province of Gelderland is involved in the revitalization. The province only wants to be involved in the revitalization if park management is connected to it. The province is a

leading actor being an investor in the revitalization. It provides a subsidy for the revitalization; a stimulation contribution. Therefore the province broadly determines the policy and examines the plans. However in practice, the municipality implements the policy for park management. Therefore the municipality communicates with the businesses (the province doesn't). The municipality sets conditions for the public space but does not participate in the execution, such as advertisement and the display of business names on the estate.

Another actor involved is the entrepreneurs association IG&D. Together with the project manager they visit the businesses and keep them informed concerning the park management. A member of the park management also receives a discount on a membership with the IG&D.

The organization of the park management consists of the foundation Verheulswede and a board. Before the official start of the park management board, first the revitalization is set up. The board is starting to present itself as the park management board, but they have not drawn a financial picture. This depends on the amount of businesses member of the park management organization and the development of the revitalization. The board consists of representatives of the businesses on the estate. The park management has not really started yet and the role of the board has not been appropriated by the board yet.

Elsewhere in the municipality of Doetinchem, like at Keppelseweg, park management initiatives are also implemented. The activities of the park management at the various estates are all very similar, but the size and needs of the estates differs. There have not yet been any development towards coordinated park management at different estates.

## **Interview current situation RBT**

Harald Bus – Municipality of Doetinchem  
Rikus Wolbers – Regional Development Company OOST NV

The development of the RBT (and EBT) was initiated by a preparation group, consisting of several officials from the local municipalities and a combined delegation of the province of Gelderland, Oost NV and a project manager. This group prepares all the documents (cooperation agreement, equalisation and formal organisation) and is responsible for the executive part of the planning process.

The preparation group reports to the steering group. In the steering group the alderman with economic positions of the municipalities take place. The steering group make decisions with regard to the developments and regional cooperation. They are mandated by the city council.

The preparation group has drawn up the cooperation agreement between the four municipalities, made the risk distribution, the organizational structure and set up regular meetings.

The preparation group is now being remit, since the cooperation agreement is signed. It is now up to the steering group to ensure the activities are done. Sub teams will be organizing part of the cooperation such as marketing of the new industrial estates.

OOST NV is the program manager of the policy on the two new developed estates EBT and RBT and coordinates the development of the existing estates. OOST NV draws up the plans and if there are any deviations of the plans, it passes on the information to the steering group. The coordination between the existing industrial estates includes the information of the developments within the different municipalities. Since OOST NV represents the interests of the region, it takes an independent position form the municipalities.

This role was given to OOST NV considering the continuity between the regional cooperation and the start up of park management.

The current situation is that the cooperation has turned in to cooperation based upon contents of the plans. The SER-ladder is used for the marketing and acquisition policy on both the new and existing estates. The zoning (bestemmingsplan) is agreed upon and within a year businesses will be able to (re)locate at the RBT. The EBT is behind in development and will take several years to ensure locationing of businesses.

The EBT will be an estate focused on locating logistic and distribution companies. The RBT will not be themed but will make a distinction based on functionality. The estate will house mixed businesses, but will consider the size of businesses in the location. The existing estates are already existing so it is almost impossible to theme them. With regard to the future, the municipalities hope to shift between estates to achieve some degree of theming.

Considering park management the municipalities which to transfer more responsibilities, concerning the estate, to the businesses. It is thought that more responsibility will lead to more commitment towards the estate.

## **Interview municipality perspective on BIDs and park management**

Otwin van Dijk – Municipality of Doetinchem, alderman  
Steven Kroon – Municipality of Doetinchem, alderman  
Harald Bus – Municipality of Doetinchem  
Rikus Wolbers – Regional Development Company OOST NV

The municipality cares especially for park management because of its self-organizing capacity. The responsibility will be laid down at the businesses and as a consequence those businesses will be more committed to the estate and able themselves to make improvements. The ambition to establish park management in Doetinchem and within the West-Achterhoek was underlined by all parties involved, but the effective implementation needs some consideration. Based on the difficulties faced with implementation on existing estates, park management will be implemented at the start of the RBT.

The voluntary basis of park management is difficult to establish. The IG&D is doing so on several estates within the municipality, such as Verheulsweide and Keppelseweg, but it is still in its infancy. At the same time the municipality is looking to transfer public budgets to park management foundations to assure a minimum income for activities.

At this moment the municipality favours park management above BIDs or BIZ. The reason for this is the amount of regulations and the measurements of support opposed by the legislation. (The turnout for the ballot has to be at least 50% and at least 2/3 of those votes need to be in favor of the BIZ.) The BID is generally regarded as being too complicated. With park management the businesses take ownership without any involvement of the municipality. There are no rules for support measurement.

It is thought that the responsibility lies where it should be, with the businesses. Park management has less regulations and it seems to be able to organize collective activities.

The municipality will be responsible for a minimum amount of quality levels and the park management foundation can add improvements at own will and costs. In the past the municipality has revitalized estates before establishing park management. They have realized it is better to link the two, for businesses to take responsibility for the estate at the time of revitalization. As a consequence businesses will have more influence on the revitalization and will see the benefits of a park management foundation.

For establishing park management at to be newly developed estate, RBT, OOST NV is the coordinating project manager. Although the IG&D is responsible for other park management initiatives, the organization of (obligatory) park management will include much more. Therefore OOST NV is appointed as the professional party to guide the establishments of park management at the RBT. Either way the main aim is to make businesses responsible for the final result and the process.

Park management will be obligatory on the RBT. The municipality has some considerations not to establish a BIZ, despite of its obligatory character. The municipality states that to establish a BID always a public private partnership needs to take place. The public party/municipality will propose the rules which the businesses need to commit to. As a result the municipality will be the driving force behind the BIZ instead of the businesses.

The problem of park management on existing estates is the free riders. At the new industrial estates this problem is tackled by making park management obligatory. But what the municipality is ideally looking for, is to establish park management at a voluntary basis and over time alter it to a compulsory contribution among all businesses.

Park management in Doetinchem and the West-Achterhoek is implemented per estate. The IG&D establishes a foundation per estate, but aims to set up collective bargaining including all estates; gaining economies of scale. They state that the proximity of neighbors is important for businesses and that they need local anchoring instead of regional cooperation.

The difference between obligatory and voluntary park management might/will get in the way of regional cooperation of park management. They would rather create an umbrella organization on West-Achterhoek level, for the exchange of knowledge.

Also they think this idea is more apparent at governments instead of businesses. Businesses will more likely see such measures as competition between the different estates instead of mutual benefits.

The voluntary park management has difficulty to prove itself towards the businesses, as businesses need to become members of 'the club'. The biggest issue for park management is to create a community feeling. They need to balance the competition between other estates by cooperation on the own estate. Current business associations are only active on the local level, not on the regional. Because of the regional cooperation for the development of the new estates, consultation between associations is starting to become apparent. However, it is the responsibility of the municipalities to stimulate businesses to think on the regional level as well.

The establishment of park management is one of the aims of the Ministry of Economic Affairs as well. Park management also supposes action of the municipalities. They should facilitate park management and the self-organizing capacity of businesses, instead of trying to interfere in what goes on at the estates. This can be done through service level agreements and professionalization. One communicator should be appointed to communicate between municipality and businesses and no other. This means changes in the current way of working of the municipality.

A service level agreement will enhance the basic agreements of maintenance by the municipality (in finances). A certain budget will be made available by the municipality and the park management foundations can decide on their own to upgrade the maintenance. But either way they will be given total control over the budget.

Also the management tasks will be transferred to businesses. But the municipality will demand a minimum quality level. Again business can improve on their own.

Through park management the businesses will be the ones to press the buttons with regard to maintenance and management of the estate. This gaining of responsibility will also compensate for the attractiveness of migration towards the new industrial estates.

Thus, the municipalities are considering all forms of estate management, but are not convinced by one ideal form.

## **Interview business representative park management**

Bert Wiltink – Chairman park management foundation SPBK

The estate was aged and impoverished and in need of revitalization. Since the improvements of the revitalization needed to be maintained, instead of decline again over time, park management got established.

In the park management foundation 4 business representatives take place, representing the interests of all businesses on the estate. The IG&D takes also a seat in the foundation, lending their resources as support of the foundation. The IG&D figures as a professional organization guiding the establishment and continuation of park management.

Because the estate already existed, park management could not be obligated as being done at the new industrial estates. As a result park management is on voluntary basis. Each business can become a voluntary member/participant of the park management foundation by financial contribution. Unfortunately not every business sees the benefits of collective cooperation and thus the not every business (financially) contributes to the foundation.

Because of the sparse income of the park management foundation, it focuses thus far on collective buying power and landscaping. However, some activities seem also possible without budget, such as making service level agreements with the municipality.

The IG&D is concerned with several estates within Doetinchem. Therefore it is trying to set up collective purchase and collective benefits for all estates. It seems senseless to arrange everything per estate. However, because of these developments many free riders will receive the benefits of the park management foundations.

Businesses are not used to taking collective responsibility. They are concerned with their own business and much less with the quality of the estate. Also businesses need to get used to long-term developments. Some activities of the park management foundation will not generate immediate effect, others will.

Although the problem of free riders park management on voluntary basis is preferable. With voluntary, the park management foundation really has ownership and can apply its own tools. With obligatory, the municipality needs to get involved for collecting contribution and thus can set requirements the park management needs to commit to.

The foundation now has the support of approximately 40% of the businesses. In order to reach out to the remaining 60%, face to face contact is being made. Those visitations are aimed to make businesses aware of the foundation, to clarify the benefits of park management and to give insight on the loss of collective power, when businesses do not participate. Businesses need to see the importance of collectivity.

Another method used is to encourage each business to entuse its neighbor for the park management foundation. As a consequence, businesses will start to get in contact with each other as well.



