GOVERNANCE FORMS IN URBAN PUBLIC-PRIVATE PARTNERSHIPS

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ABSTRACT: The article starts a conversation in the literature about the governance structures of certain kinds of collaboratives in public management: public-private partnerships. The findings come from the study of implemented partnerships for regeneration and management of city centers in the U.S. (Business Improvement Districts) and U.K. (Town Centre Management), and the introduction of urban regime theory. A three-ideal typology is built up, concerning the roles played by structures/design of the partnership, legal frameworks, incentives, evolution, competition, governance structures, and the ways all of these evolve. The conclusion is that public-private partnerships are constantly evolving and may assume “variable geometries” in response to the form of governance dominating their internal arrangements. Partnerships may be of various kinds: symbolic partnerships, in which hierarchical governance predominates; instrumental partnerships, which obey market rules; organic partnerships, where the predominant form of governance is network-based. The kind of PPP employed affects how the relationship between public and private organisations is managed.

INTRODUCTION

In comparative studies regarding public-private collaboration at the local level, it is important to highlight the differences between public-private partnership (PPP) models, given that the tendency to distinguish the convergence processes implied by governance theory may hide significant divergences. It therefore behoves us to create analytical frameworks that allow distinctions to be drawn between different types of partnerships. The article focuses primarily on the kinds of relationships established between public and private players in such collaboration. The purpose of doing so is to determine whether different institutional arrangements (and hence forms of governance) arise from given partnership models. The ideas emerging from this study concern the partnership’s organisation/design, legal framework, incentives, development, competition, governance structures, and the ways these evolve.
PPPs are institutional arrangements capable of mobilising the necessary resources for public management by activating the creation of complex cross-organisational networks in which both public and private players participate. The relationships are grounded on co-responsibility, dialogue, co-operation, and management participation. Such collaboration between local government, private profit and non-profit organisations is needed to foster better governance and more effective provision of services.

In this context, a PPP is defined as a voluntary, stable collaborative effort between two or more public and private autonomous organisations to jointly develop products and services, sharing risks, expenses and benefits (Rodal 1993; Peters 1998; Boase 2000; Commission on Public-Private Partnerships 2001; Klijn and Teisman 2003; Kjaer 2003). The partnership is based on a stable relationship and ongoing interaction between the parties, in which responsibility for results is shared. This leads to partners developing multi-organisational and multi-sector governing structures, whose inherent diversity is based on the use of different organisational cultures and practices (Allan 2000; Kjaer 2003). Specific configurations will thus vary from one PPP to another.

Academic literature has presented public-private partnerships as a public-private collaboration formula typical of network governance (Huxham and MacDonal 1992; Kickert et al. 1997; Klijn and Koppenjan 2000; Huxham 2002). Various phenomena have led to the development of public-private collaborative formulas with this network structure: the functional specialisation of Western societies and their growing fragmentation and complexity; the decentralisation and fragmentation of public administration; the growing importance of information access in coordination and control processes; the interdependence between players in policy elaboration and implementation; and the blurring of the boundary between public and private spheres. Network governance addresses the creation of interaction models of lateral or horizontal exchange (Powell 1990; Kenis and Schneider 1991), in which traditional political hierarchy and the market, understood as a social self-organisation, are complementary and in which responsibility and transparency extend to public and private players (Kooiman 1993). These formulas have particularly addressed the development of activities based on the exchange of intangible goods that are of a recurrent nature, are difficult to measure, depend on the need for reliable and efficient information, and that need to be based upon a long-term relationship (Powell 1990).

However, will a public administration that is central to a partnership always operate on an equal footing with private partners? If it cannot work as an equal partner, what forms of governance develop as a result? I would argue that PPPs are linked to different kinds of governance forms through which organisational relationships are developed. Analysis of urban partnerships reveals that there are three kinds of PPP models: networked, market-based, and hierarchical ones. A look at three different approaches to central city revitalisation via partnerships provides evidence to support this contention. The two Business Improvement Districts and Town Centre Management partnership case studies and urban regime theory help us to better understand the relationship between forms of governance and partnerships.
In this article, first, I describe the object of study and the methodology used. Next, I place the PPP models within the framework of government and inter-organisational models, in other words markets, hierarchies, and networks. In the following sections, I present the results from my field studies centered on the Business Improvement Districts in the United States (BID) and on the Town Centre Management (TCM) models in the United Kingdom. Lastly, I conclude by comparing BID and TCM models and, based on the information gathered, I build up three ideal types of partnerships deriving from the literature and from the research results: instrumental, symbolic and organic PPPs.

METHODS AND SOURCES OF DATA

With respect to the partnerships studied, I analyse BID in three U.S. East Coast cities (New York, Washington, D.C., and Philadelphia) and TCM models in the U.K., including cases in England, Scotland, Wales, and Northern Ireland. In the field work, I used interviews, direct observation, and questionnaires as analytical techniques, contrasting the results obtained with the comparative analysis between U.S. BIDs and U.K. TCMS. Thirty BIDs were analysed in the U.S., 20 in the city of New York, three out of the three existing in Washington D.C., and seven out of the eight in the city of Philadelphia. In the U.K., ten TCMS were analysed, seven in England, and one each in Wales, Scotland, and Northern Ireland. Devolution was taking place in the U.K. and it was considered worthwhile ascertaining whether the process had an impact on the partnerships created. To sum up, the primary resources of the field research consisted of 21 interviews in the U.S., covering BID managers (13), public officials (3), those overseeing BIDs, and experts (5) (professors and analysts). In the case of the U.K., interviews covered TCM managers (12), public officials (4), and experts (4). Questionnaires were administered in both cases.

In addition to the interviews and questionnaires, the information on each partnership was culled from unpublished material and the following sources: annual reports, memoranda, public reports, the district plan for service provision, the partnership contract or agreement with the corresponding City Hall, a map of the district providing details of building types and uses, budgets for the last 5 years, management indicators, press dossiers, and companies' organisation charts.

The sample comprises a small number of cities and, in the case of the United States, is limited to large cities. Thus, while these cases exemplify different approaches and tendencies, one cannot generalise from them. The choice of cities was based on general agreement among academic experts, government officials, CEOs, consultants and partnership managers as to which ones had risen to the greatest challenges in terms of service provision and developed innovative partnerships in the process.

GOVERNANCE FORMS

Throughout the literature review, the ideal basic forms of governance have traditionally been interpreted in terms of markets and hierarchies (Coase 1937;
Williamson 1971, 1991; Powell 1987). Market forces involve supply and demand and foster co-operation between players and allocation of resources as a result of the interplay of individual choices. The public administration finances services and suppliers compete to deliver them. By contrast, the model based on “command and control” or on “management hierarchy” in organising and delivering services is bureaucratic in nature, with the government determining resource allocation.

With the rise of network studies, analysis was broadened to encompass a third governance model: hybrid or later network (Powell 1990; Kenis and Schneider 1991; Larson 1992; Nohria 1992; Rodal 1993; Kooiman 1993; Rhodes 1996, 1997, 2000; Kickert et al. 1997; Klijn 1997; John and Cole 1998; Peters 1998; McDonald 1999; Klijn and Koppenjan 2000; Klijn and Teisman 2000; Agranoff and McGuire 2001, 2003). This model allows players involved in providing services to mutually adapt their behaviour in the light of other partners’ actions, and to regulate matters through negotiations within a framework of networked relationships based on trust. Network governance is organised through complex constellations of players and resource interdependencies, and the organisations involved in carrying out the service work jointly to achieve mutually acceptable results for both parties. Co-operation formulae have been traditionally interpreted as models of lateral or horizontal exchange. In the field of public policies, “network” refers to interdependent players involved in delivering services and who need to exchange resources in order to achieve their goals and thus maximise results (Rhodes 1997).

**IDEAL PARTNERSHIP TYPES**

I have built up three ideal PPP types through transferring these inter-organisational concepts from forms of governance to the internal management of a multi-organisational and multi-sector partnership. The aim here is to discover whether intra-organisational relations within complex structures follow the same pattern. The ideal partnership types are: instrumental PPPs, symbolic PPPs, and organic PPPs (Table 1). Instrumental PPPs are formulae for public-private co-operation that are market-based and where mutual adjustments by stakeholders arise from a competitive context. Symbolic PPPs, on the other hand, depend on a hierarchy operating through a chain of command. Organic PPPs are based on a self-managed network based on trust.

Instrumental PPP models are so called, since they aim to achieve specific and measurable objectives of an operational nature shared by the parties involved: for

<table>
<thead>
<tr>
<th>Ideal Type</th>
<th>Form of Governance</th>
<th>Relationships Between Actors</th>
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<tbody>
<tr>
<td>Instrumental</td>
<td>Market</td>
<td>Competitive</td>
</tr>
<tr>
<td>Symbolic</td>
<td>Hierarchy, bureaucracy</td>
<td>Command and control</td>
</tr>
<tr>
<td>Organic</td>
<td>Network</td>
<td>Based on trust</td>
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**TABLE 1**

Ideal Partnership Types

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example, building an infrastructure or providing a service. Teisman’s definition, derived from the case study carried out by this author on Rotterdam port construction, constitutes an example of a market PPP, where government and private players create a platform through which they jointly define the infrastructure construction and management projects, decide how they will be executed, and share the risks entailed (Teisman 2002). There are multiple classifications for PPPs created for project execution in infrastructure construction. The key distinguishing variable is the size of the risk transferred from public to private sector. For more details, see Allan (2000) and the European Commission (2003). Stainback (2000) provides yet another definition of instrumental PPPs, stating that a PPP is a strong collaboration between one or more public entities and one or more private organisations in order to shape, negotiate, and implement financing, design, development, construction, and performance of buildings.

Most common uses are linked to execution and management of infrastructures. The contractor’s main contribution lies in investing in public services in a regulated market. The UK Private Finance Initiative (PFI) and the EU Competitive Dialogue in Public Tendering (participative and negotiated) would be included in this type. The advantages of this kind of partnership stem from making projects viable. Without private input, public administrations would be incapable of carrying the schemes out using their own resources. The plans are speeded up thanks to preliminary funding. The preparation required before putting a project out to tender can improve the scheme’s technical quality. The drawback of large infrastructure projects is that they tie up future budgets.

Symbolic PPPs, on the other hand, reflect an underlying wish to strengthen bureaucratic control over public-private collaboration, and to allocate resources through the hierarchy. Such PPPs are “symbolic” because they are either unsure what goals they wish to pursue or simply in indulge in public relations. In any event, they tend to fall back on the old hierarchy. This kind of PPP is most common when public administration is involved. They reflect the desire by the most powerful party to strengthen its position vis-à-vis other participants. This is mirrored in the partnership’s organisational arrangements—specifically in the role played by the partnership manager, who is in sole charge of controlling the partnership from the top down. To get key partners to commit themselves, a symbolic PPP may resort to offering certain incentives (whether of a tangible or intangible nature).

This partnership model allows public administration to carry out projects that would otherwise prove impossible and to consolidate weak sectors in order to facilitate collaboration. The drawback is that such a starting point does not foster smooth relations between PPP stakeholders or the building of shared interests.

In organic PPPs, the relationship between stakeholders is determined through negotiated standards and is based on reciprocity, interdependence, and complementary strategic interests. Such a starting point enables an intentional relationship (Mohr and Spekman 1994) based on partners’ willingness to build a trust-based relationship, thus avoiding arms-length control. The dominant feature in network PPPs is that they generate joint ventures in which “partners” share their involvement and motivation in the project, despite their differing contributions. In this context,
network public-private partnerships are institutional arrangements fostering the stable involvement of public and private interested parties in order to achieve shared goals through mutual trust and collaboration. These institutional agreements express the stable involvement of public and private organisations seeking common objectives. Such managers act as mediators/facilitators and the collaboration is based on mutual trust. Empowerment is through a fragmented, horizontal organisation in which all work is undertaken on an equal footing, and based on pooling information. This is the ideal type of partnership studied in the literature but is seldom found in practice.

LOCAL GOVERNANCE AND PPPs FOR URBAN CENTRE MANAGEMENT

The origins of local PPPs for urban centre management are linked to the changes experienced in large cities over the last few decades and the need to foster urban renewal policies. According to Le Galès (2000), local PPPs represent a relationship between the public and private sectors based on informal networks and voluntary, co-operative, and flexible exchanges that develop among individuals and organisations that possess the ability to act instead of the right to represent. Both in the U.S. and in the U.K., PPPs for urban centre management are part of an urban renewal policy, which arose from the dialogue between the public and private sectors and led to the creation of a PPP model. The aim is to attract investment and business activities to renovate the urban fabric and end city-centre blight by providing public services. This objective is shared by the following players: local administration, companies either already located in city centres or interested in moving there, real estate owners, residents, and associations.

The PPP model for the management of urban centres analysed here is that of Business Improvement Districts (BID). Originally developed in Canada and the United States, they are currently being adopted in many cities across Europe. The United Kingdom was the first country to implement this model in Europe with its Town Centre Management (TCM) model. The BID and TCM models are a type of PPP aimed at providing public services, fostering local commercial and economic development, or the crosscut management of a specific geographic area (i.e., city centres, historic town centres). The models imply the establishment of new organisational structures designed to manage this public-private collaboration (Mitchell 2001a). By offering relatively simple services specifically designed to improve the appearance of the target area, BID and TCM models focus on reaping social, environmental, economic, and commercial benefits (Houston 1997; Mallett 1994).

Both BID and TCM models can be classified under urban renewal policies, which include integrated and global visions and measures for dealing with urban problems by introducing improvements in the economic, physical, social, and environmental sectors in the area subject to change (Roberts and Sykes 2000). There are significant differences between the U.S. and U.K. contexts as a result of historical, political, economic, and social factors. Nevertheless, a comparative
approach is possible (DiGaetano and Klemanski 1993) because both countries have applied the same PPP model for managing urban centres. In this context, BID and TCM mainly originate from two factors: on the one hand, city-centre blight and competition from more modern and attractive peripheral expansion areas (Goldsmith 1997); on the other hand, the gap between public investment in urban centres and real needs.

FROM AN ORGANIC TO AN INSTRUMENTAL PARTNERSHIP: BIDs IN THE U.S.

Business Improvement District partnerships (subsequently BIDs) imply the establishment of new organisational structures, designed to manage a public-private collaboration that will promote unitary, crosscut delivery of public services (Hochleutner 2003). According to Mitchell (2001b), BIDs are one of the main organisational innovations that have emerged as a result of the movement for city centre renewal. After going through an experimental phase at the end of the 1970s and beginning of the 1980s, the concept has been extended to all U.S. states. BIDs develop as private non-profit organisations with the right to collect a tax on the commercial property within a given area in order to fund services (Travers and Weimar 1996), and which are created within the legislative framework of states and local regulations.

In some BIDs in Philadelphia and Washington, business organisations and urban centre groups were in charge of drawing up proposals. Thus landlords and businessmen in the urban centre not only acted in accordance with their own perception of the area but also took on board the views of their employees, customers, and tenants. The improvements carried out were intended to benefit all the parties involved, and at the same time provide added value to landlords and tenants.

![Figure 1. BID Mode Operation.](image-url)
In the U.S., BIDs have to comply with three types of regulations: state legislation, local regulation, and individual contracts with every district (Hochleutner 2003). In the cases examined, state laws establish the framework for BIDs, set the objectives they can pursue, the types of services they can provide, the structure and composition of the governing board, their financing resources, and the process by which BIDs are created. At the same time, local governments develop the state legislation through local regulation and enable BIDs to impose a levy on the property tax in their operational area (Figure 1). In New York and Philadelphia, they could legally incur debt by means of bonds to increase capital if the mayor so agreed. In other states, regulations permitted BIDs to levy other taxes. In the cases analysed, the levy usually represented 90% of BID income. Contributions and subsidies were very important as regards income, although only in specific cases, whereas service sales, interest from bank deposits and the surplus from previous financial years were relatively insignificant.

Initiatives for creating BIDs can be shared, as explained by a city administration representative in one of the interviews:

"I believe the origin of the initiative was public as well as private. The town assembly saw that there were several associations of local firms and businesses that wanted to have urban development programmes and needed financing. That is how we started with the first four Special Assessment Districts (SADs). They were a success, so the State approved the legislation that allowed cities to establish BIDs. In this way, the creation of BIDs was based on public-private collaboration, and this continues up to the present."

Moreover, City Hall (i.e., the municipal administrative apparatus under the purview of the mayor and city council) assessed the activities of BIDs during the life of the contract. It should be borne in mind that, in general, contracts allowed City Halls to supervise BID's activities and the services they provided, and to perform as intermediaries between them and owners. In the case of New York, for example, each of the 40 BIDs had a contract with the city, which specified that they had to submit an annual plan of activities and a certificate of their financial situation signed by an auditor to City Hall (The Council of the City of New York 1995). On the other hand, in order to renew their contract, BIDs whose budget exceeded one million dollars also had to submit a report on human resources management.

Nevertheless, the relationship between City Hall and BIDs was generally closer than that established by contract. In fact, 52% of analysed BIDs stated that their relationships with City Hall were based more on informal mechanisms than on the contract and only 10% considered that the relationship was based exclusively on the contract. One BID director explained: "Our documentation is available to City Hall representatives, who are also in the habit of requesting information formally or informally, because we possess an outstanding knowledge of our area." This fact was viewed positively by both parties. Also, the system used by City Hall to assess some of the services provided by BIDs, like sidewalk sweeping, was also used by BIDs for self-assessment. The presence of City Hall representatives in BIDs boards was an
additional guarantee to protect the interests of the residents. This representation usually extended to the various board committees.

As regards human resources, City Hall special operations directors eventually move on to work in a city BID. To prevent these individuals from making use of inside information, New York City Hall, for example, forbids BIDs to hire employees within a year of resigning from a post at City Hall. This regulation facilitated operative relationships between BIDs and City Halls. As one BID executive explained, "the relationship with the city is good and it is mainly based on the personal relationships among our employees. Lots of people who work for us used to work for the City Hall, and we hired them. Part of the success hinges on the formal and informal relationships more than on the structure."

One should note that the mere act of signing a contract does not automatically lead to establishing links with all key City Hall departments, nor with the people in charge of them. The contract provides the opportunity of becoming an entrepreneur and competing with others. A manager interviewed in Washington remarked, "we are a fairly recent BID and we have to build relationships with municipal department heads, and their workers, too, so as to ensure communication with the city."

**Analytical Consequences**

Originally, U.S. BIDs adopted an organic PPP model. This is not surprising given that growing city centre blight was harming the interests of City Hall and private players alike. From the outset, implementation of this public-private management model was based on trust. On the one hand, private players (concerned by their devaluing investments and dwindling business opportunities) were unable to create such a management model without City Hall collaboration. This was because BID activities fell in the public sphere and required changes to state legislation and local regulations. On the other hand, the drying up of federal funds for urban redevelopment meant that City Halls did not have the money to tackle urban blight even though it was eroding their tax base. Hence the need to get the private sector on board.

During the creation process of early BIDs in cities, the relationship established between City Halls and private players was therefore based on features characterising network governance: for example, private players collaborated with the City Hall and even in the setting up of a regulatory body to enable BID creation in cities. Similarly, in the face of opposition from several state governments, City Halls exerted political pressure to obtain BID regulation. These features were reflected in BID performance, resulting in considerable political and business support.

However, after a few years, the number of BIDs rose and this increased competition among them. Their management became increasingly complex. At this point in time, the processes for creating and supervising BIDs by City Halls were standardised and BID's relationships with local governments were increasingly based on achieving specific goals. This standardisation stemmed from the increasing experience acquired by City Halls and private players involved in BIDs and the elaboration of analysis and reports on this management formula, including its strengths and weaknesses (for example, the ones carried out by New York City Hall: *Cities Within*...
Cities: Business Improvement Districts and the Emergence of the Micropolis, 1995, and Managing the Micropolis. Proposals to Strengthen BID Performance and Accountability, 1997). Within this context, municipal employees in charge of managing the relationship between City Halls and BIDs were mainly concerned with supervision and evaluation functions. As a result, the transition from BIDs with an organic PPP model to market-based models of governance (instrumental partnership) was already under way.

**SYMBOLIC PARTNERSHIPS: TOWN CENTRE MANAGEMENT IN THE U.K.**

PPPs for town centre management in the UK started in 1989. But it was not until 1994, with the release of Planning Policy Guidance 6: Vital and Viable Town Centres: The Challenge (hereinafter PPG 6) (Department of Environment 1993), that TCMs started spreading to several cities. Eventually, with PPG 6, city centre vitality prevailed over the building of out-of-town shopping areas. The policy guidance also noted the need to introduce urban centre management and recommended local programmes be locally funded and supported. Regional policy laid particular emphasis on beefing up business development in city centres. Within six years, 280 TCMs had been set up. At the time of field work, 14 management bodies had been created in London and most medium-sized cities featured at least one.

Although town and city centre managements created after the publication of PPG 6 implementation generally followed the U.S. BID model, they tried to adapt themselves to the English legal and institutional context and were therefore established in response to public initiatives. In fact, a key element to bear in mind when analysing the U.K. context is that urban centres were not only considered as commercial hubs but also as a community arena linked to both public and private management. Thus, their objectives went beyond business promotion and short-term financial benefits for the private sector. Instead, TCMs were to develop medium- and long-term urban renewal strategies that involved all stakeholders. As Michael Bach, PPG 6's author, explained during our interview, national politics at the time sought to find "a mechanism that enabled participants to develop a shared vision. This isn't just about creating a PPP between the City Hall and the private sector. TCMs should have a broader base and provide a framework for investments."

Yet, in their early stages, they were financially dependent on local administrations, since private resources were of a voluntary nature and, usually, lacking (initially, TCMs received scant private support—some £3,000 to 5,000 (year 2003) from large retail chains' promotional/Corporate Social Responsibility budgets). PPP was institutionalised without the creation of a legal framework, just the guideline, to provide it with legal powers to impose the levy. The local government or, very rarely, other legal organisations, such as the chamber of commerce, held all accounts. As a result, they lacked any regular and stable support and thus operated on a shoestring. Given these initial conditions, some local governments had to assume responsibility for engaging private stakeholders in TCMs. At this point, it is worth mentioning that several of the participants
interviewed indicated that TCMs' legal and economic dependence on City Halls kindled resentment in the private sector, which perceived them as public funding tools.

TCMs were created to provide common ground for stakeholders interested in urban renewal and to engage them in strategy definition and shared projects. However, initial actions were intended to accomplish specific short-term goals and yield simple, effective services to encourage further funding from private partners. In the short run, TCMs' focus on providing specific services quickly yielded significant improvements to the urban environment and helped forge links between stakeholders. However, several TCMs then moved on to fostering commercial promotion programmes and strategic economic development plans, adopting a multi-disciplinary approach for the purpose.

A paradigmatic case was Reading town centre management. Its manager decided not to deliver final services and assigned his budget to strategic planning. In contrast, most TCMs tried to strike a balance between both types of activities since, as then stated by another manager, "If people don't see you delivering services day after day, they don't understand what you are there for." However, in spite of these efforts, in several cases, private players left PPPs because they felt they were not reaping direct benefits.

The legal nature of a TCM is a key indicator of its maturity and the stage of public-private collaboration it has reached. As mentioned earlier, most TCMs started out as ad hoc PPPs lacking a legal framework and dependent on the entity through which they operated (mainly town councils). However, specific TCMs managed to get funding from the business sector. This led to local government yielding control in some areas, allowing TCMs to become companies limited by guarantee. These companies had signed a five-year operating contract with local government, specifying objectives and action standards. Additionally, local government had to approve their annual business plan before contributing resources and was represented on TCM governing boards, usually through municipal representatives.

The reason why local councils fostered PPPs arose from the position of local government in England. Labour-run councils refused to implement central government policies, which had drastic consequences at the local level. However, this strategy proved ineffectual and local governments were forced to take a more subtle approach in their relations to central government. The notion of partnership as an economic development tool emerged as a key factor in the context of this "new realism" (Harding 1998). The central government created non-elected public agencies in various districts in which private sector organisations were to perform a crucial role. These entities set up governance infrastructure parallel to local councils. Councils soon realised that PPPs enabled them to forge strategic alliances with both the private sector and government-created entities in order to continue providing services and to foster local economic development. Councils adopted PPPs because they saw the danger of being sidelined by government agencies.

During the 1980s, the official discourse on urban local and state policies executed by governmental authorities made "partnership" into an all-pervasive term for public-private collaboration focusing primarily on economic development (Hastings 1996; Atkinson 1999). However, in the early 1990s, the term became formally linked to crosscutting urban renewal policies when Michael Heseltine (then Secretary of
State at the Department of the Environment during John Major’s premiership) launched the City Challenge initiative (the forerunner of the Single Regeneration Budget) in a bid to achieve greater co-ordination between the public and private sectors and the creation of synergies to maximise resources.

At the end of the long-running battle between central and local government, central government’s use of PPPs became a subtler way of keeping councils in line (Atkinson 1999). There were two reasons for this. First, the programmes reflected the philosophy peddled by central government at the time, which supported most local policies (including urban regeneration programmes). The limited funding given to councils for implementing these programmes was conditional upon acceptance of central government objectives and organisational tools.

Second, while these programmes required the participation of business sectors, they did not demand the involvement of other social groups or players (Department of Environment 1993; Atkinson 1999). It is generally accepted that, prior to the 1980s, companies in the United Kingdom exerted a more indirect and limited influence on local policies than their counterparts in many U.S. cities. Yet, it is also fair to say that this situation changed with the introduction of several forms of state sponsorship during the subsequent conservative governments (Bassett 1996).

Analytical Consequences

Hence, TCM models in the United Kingdom largely followed the symbolic model. Their origin must be traced back to PPG 6, a guideline policy issued by central government to establish a specific urban centre model across the country. Thus, central government was shaping public-private collaboration through agency management and TCM participation. Within this framework, activities depended on bureaucratic control over the allocation of funds. PPG 6 stated:

“In partnerships between the private sector and the local community, local authorities should contribute to develop a TCM initiative, assigning an urban centre manager to improve links between different public and private initiatives [...] An effective urban centre management will include pertinent public agencies, residents, retail dealers, trade operators, real estate investors and promoters and will ensure an adequate co-ordination and development of urban centre services” (Department of Environment 1993, 32).

TCMs are what Harding (1998) calls shotgun partnerships in which central government used bureaucratic means to force councils to adopt PPPs. Councils decided to create PPPs to tackle issues to which they seemed the best answer—a decision stimulated by the central government through credit lines, pilot projects, awards, and other incentives. Following PPG 6 approval, large building projects on city outskirts were halted in order to bolster flagging city-centre economies. At the same time, central government gave councils management tools to facilitate compliance with central government policy.
This partnership model entails the risk of failing to enlist the necessary support from the other players involved. This was the case of some of the TCMs studied, where lukewarm business sector interest translated to lack of funding. In many of the cities analyzed, a key reason for this failure was that TCMs were viewed as public financing tools. Furthermore, when the TCMs did manage to procure private funding, the money was allocated to the provision of a narrow range of services and fell far short of meeting the strategic objectives set for town centres by PPG 6.

On the other hand, the companies limited by, the guarantees version of TCMs seized the opportunity of forging collaboration between local councils and the business sector. These TCMs were PPPs that became what Harding (1998) calls, “offensive” PPPs, by which he meant pro-active partnerships seeking new objectives, resources, experience, or knowledge. This is what I term an “organic partnership” in this paper.

FORMS OF GOVERNANCE FOR URBAN REGIMES

Urban regimes are a type of organic PPP network because they are based on an informal co-ordination process that creates the synergies that enable successful governance, in the absence of which clashes and inertia would otherwise prevail (Stone 2001; Davies 2001, 2002a). Urban regimes do not operate as a hierarchical structure, because there is no single centre of direction and control (Stoker 1995), nor as a market structure. Instead, action is the result of co-operative efforts by the parties forming part of the urban regime. Co-operation emerges from establishing relationships based on interdependence, solidarity, loyalty, trust, and mutual support. An analysis of urban regimes must allow us to examine not only how an informal organic PPP can be created and developed but also the complex ways in which it functions. In spite of the Olsonian paradox (Olson 1968), this functioning is possible because of trust and reciprocity between the players and also because identity and culture facilitate collective action.

Basically, the urban regime is characterized by the interdependence of public and private forces in addressing the economic and social challenges faced by cities. Governance is made possible by the informal partnership between councils and the city's business elite. In this context, Clarence Stone defines urban regimes as informal agreements by which public institutions and private interests co-operate to make and implement decisions bearing on public policies, resolving conflicts between them and responding to social changes in order to govern the community. Urban regimes ultimately link Administration’s public control with private control of economic resources. Consequently, as regards objectives, we must note that the regime's cohesion lies in the fact that it is created and maintained to promote action.

Tacit mutual understanding underpins agreements in urban regimes because this is the most effective way of developing a framework of relationships that goes beyond legal agreements and formal contracts. Regimes are conditioned by the need to achieve a common objective and provide reciprocity solving problems arising from collective action, low transaction costs, multiple sources of funding, and based upon the assumption that the regime is a process. Understandings and informal agreements provide the flexibility needed to face unforeseen events and facilitate the kind
of co-operation that formalised relationships cannot attain. An example of this is the effective, long-term coalitions that emerge in order to achieve public objectives, and which may outlast electoral cycles.

PARTNERSHIPS AND GOVERNANCE FORMS: VARIABLE GEOMETRY PPPs

The governance model adopted by a PPP makes a big impact on its performance since it determines how the relationship between public and private stakeholders will be managed (Table 2). BID and TCM models provide frameworks for managing city centres. Both models share features but there are important operational differences between them.

Public-private collaboration can take one of three forms of governance: a networked PPP; a market PPP; and a hierarchical PPP. Other papers are beginning to pose the question whether partnership collaborations can be of variable geometry (Schmitter 1989; Kenis and Schneider 1991; Rodal and Mulder 1993; Parkhe 1993; Kernaghan 1993; Kanter 1994; Skelcher et al. 1996; Atkinson 1999; Lowndes et al. 1997; Lowndes and Skelcher 1998; Börzel 1998; Stoker 1998; Beauregard 1998; Peters 1998; Boase 2000; Stainback 2000; Commission on Public-Private Partnerships 2001; Davies 2002b; 6 et al. 2002). Consequently, I have presented three ideal partnership models: symbolic, instrumental, and organic PPPs, depending on the type of governance model used for institutional arrangements (Figure 2). As a result, the presence of a PPP does not guarantee the existence of a specific form of governance. Rather, the governance model assumed by a PPP will depend on the maturity of partnerships, the partners themselves, and their objectives.

The three forms of PPP governance all require willing co-operation by partners. Even so, the partnerships studied revealed the following differences:

1) Willingness to co-operate may be channelled through the power and influence exerted by a governmental structure, as is the case of symbolic PPPs, or through process standardisation to develop products and services, as in instrumental PPPs, or through mutual trust and a desire to put partners on an equal footing, as is the case of organic PPPs.

2) PPPs are processes and hence they can shift from one governance model to another without following any pre-established order. The governance model adopted depends on power relationships between partners and the need to reinvent PPPs when they lose momentum.

3) The partnerships studied (BIDs and TCMs) revealed a trend in the development stages they went through. Saz-Carranza and Vernis (2006) show in their literature review on the process undergone by an inter-organisational public network how various authors expect contradictory trends to unfold in the relations between actors. The relationship between the three forms of governance is explored using a logical sequence (emergence, evolution, and dissolution, in Ring and Van de Ven's (1994) terminology). Networked governance provides a good fit during
<table>
<thead>
<tr>
<th></th>
<th><strong>BID</strong></th>
<th><strong>TCM</strong></th>
<th><strong>Urban Regimes</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Onset</strong></td>
<td>Close relationship between local government and business elites.</td>
<td>No interdependency.</td>
<td>Close relationship between local government and business elites.</td>
</tr>
<tr>
<td></td>
<td>Allows for representation of other sectors</td>
<td>TCM depends on City Hall from a governing and financial viewpoint.</td>
<td>Allows for representation of other sectors.</td>
</tr>
<tr>
<td></td>
<td>Public and private sectors come together to achieve otherwise</td>
<td>Consider only the private sector on account of central government</td>
<td></td>
</tr>
<tr>
<td></td>
<td>unachievable objectives.</td>
<td>incentives.</td>
<td></td>
</tr>
<tr>
<td><strong>Objective</strong></td>
<td>Information and joint planning exchange for service delivery and urban</td>
<td>City Hall plays a proactive role in trying to articulate interests.</td>
<td>Volunteer networks based on trust and diplomacy.</td>
</tr>
<tr>
<td><strong>fulfillment</strong></td>
<td>environment improvements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Process standardisation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Relationship</strong></td>
<td>Stable, five year maximum period, renewable when fixed objectives and</td>
<td>Minimum business sector participation.</td>
<td>Stable. Long lasting collaboration.</td>
</tr>
<tr>
<td><strong>evolution</strong></td>
<td>limits are accomplished.</td>
<td>Weak. Most TCMs are still symbolic.</td>
<td></td>
</tr>
<tr>
<td><strong>Local government</strong></td>
<td>Improve control and supervision quality.</td>
<td>Limited company by guarantee creation reflects true willingness to</td>
<td>Keep regime in effect through governmental, business and social elite</td>
</tr>
<tr>
<td><strong>expectations</strong></td>
<td></td>
<td>engage the private sector.</td>
<td>changes.</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>Network/Market</td>
<td>Hierarchy/Network</td>
<td>Network</td>
</tr>
<tr>
<td><strong>form</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Type of PPP</strong></td>
<td>Organic/Instrumental</td>
<td>Symbolic/organic</td>
<td>Organic</td>
</tr>
</tbody>
</table>
the emergence stage, given the need to search for alternatives, build trust, and
draw up strategy and institutional arrangements. This would lend support to
declarations by Kanter (1994) and Larson (1992) that the relations are initially
personal and informal and later become formal and based on role. Resource
flows are low at this stage but information flows must be high. The consolidation
stage of the partnership requires hierarchical governance given the need to exert
control in order to create norms, formalise objectives, and determine processes.

Once consolidated, the PPP continues to formalise contracts so that the network
can outline individuals (Saz-Carranza and Vernis, 2006). Implementation
is standardised at that stage given players' greater knowledge and performance.
This paves the way for the adoption of market rules, selection of providers, stipu-
lation of contracts and monitoring by benchmarks. Coinciding with Kanter
(1994), Lowndes and Skelcher (1998), and Larson (1992), bidding and contract-
ing arrangements give rise to higher levels of market-based governance.

Finally, as partnerships reach maturity, they require transformation and
innovation if they are to maintain their impetus. According to the literature,
such changes are easier in a networked governance setting than in hierarchical
or market settings.

4) Although the field work analysed active PPPs, the odds are on partnerships com-
ing to an end rather than continuing. This is because of the sheer effort involved
in working with other partners and the constant risk that individual interests will
prevail over collective ones (Williamson 1985). As Parkhe points out (1993, 794),
"Alliances frequently co-exist with instability, low performance and collapse, with a mortality rate around 70%." This risk will largely depend on the type of relationship created by partners (symbolic PPPs or organic PPPs have a higher risk of dissolution than their market counterparts) and PPPs’ operating environment (which determines incentives for participation).

CONCLUSIONS

This study focuses on public-private partnerships (PPPs)—voluntary long-term collaboration between two or more public and private autonomous organisations to jointly develop products and services, sharing risks, expenses, and benefits. The last few years have seen two interrelated processes: on the one hand, theoretical approaches to the analysis of public-private collaboration in the development of local, public policy have made great strides; on the other hand, the number of practical cases of public-private partnerships has soared. However, few academic studies have centred their attention on the empirical analysis of local PPPs as a management tool. It is thus clear that more constant academic reflection is needed regarding the way active PPPs operate. I have tried to fill this void with this qualitative study of local partnerships for managing city centres—Business Improvement Districts (BIDs) and the Town Centre Management (TCMs). The research was based on interviews and archival resources. The BID model was deemed worthy of scholarly analysis because, as a representative of the department of partnerships of the local London government put it during the interview:

"In my limited experience, BID models are the only case in which the private sector really concentrates on the public sphere without aiming at privatising services. These models constitute a very good example of the way in which the private sector aims at obtaining private benefits by generating public goods."

The research findings have important implications. Comparative study reveals that the forms of governance forms adopted by PPPs have significant consequences in terms of initiative, incentives, objectives met, the way relationships develop, government expectations, competition, legal status, and accountability.

The examples reveal that governance evolves over time. Three ideal models of partnership were drawn up in the light of a review of the literature and the fieldwork findings. Market-based governance predominates in instrumental partnerships; hierarchy in the case of symbolic partnerships; and networks in the case of organic partnerships. PPPs are processes rather than outcomes and may switch from one governance model to another in no pre-established order. The form of governance adopted depends on the power relationships between partners and the need to reinvent PPPs when they lose momentum.

More analysis is needed to broaden knowledge of active partnerships and to trigger reflection on the need and suitability of applying any given model in the light of
PPP variables (including the hurdles and catalysts in setting up and managing a PPP). In any case, experience shows that one needs to assess whether the partnership option offers real added public value when compared with other options (Commission of the European Communities 2004, 4).

NOTES

1. Peters (1998) differentiates partnerships both from single transactions or subsidies—which do not imply real continuous interaction—and from purchases and services obtained from the same supplier, because the contract between both parties is based on a previous competitive process and is not the result of a continued relationship.

2. Business Improvement District (BID) partnerships analysed in the U.S.

<table>
<thead>
<tr>
<th>City</th>
<th>BID</th>
</tr>
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<tbody>
<tr>
<td>New York City</td>
<td>1. Alliance for Downtown NY</td>
</tr>
<tr>
<td></td>
<td>2. 165th Street Mall Improvement Association</td>
</tr>
<tr>
<td></td>
<td>3. 34th Street Partnership/Bryan Park Restoration</td>
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<td></td>
<td>4. 60–86 Madison Avenue BID</td>
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<tr>
<td></td>
<td>5. Brighton Beach DMA</td>
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<tr>
<td></td>
<td>6. Bryant Park DMA</td>
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<tr>
<td></td>
<td>7. East Brooklyn DMA</td>
</tr>
<tr>
<td></td>
<td>8. Fashion Center DMA</td>
</tr>
<tr>
<td></td>
<td>9. Flatbush Avenue DMA</td>
</tr>
<tr>
<td></td>
<td>10. Fulton Mall Improvement Association Inc.</td>
</tr>
<tr>
<td></td>
<td>11. Graham Avenue Business Improvement District</td>
</tr>
<tr>
<td></td>
<td>(Woodhull Community DMA)</td>
</tr>
<tr>
<td></td>
<td>12. Grand Central Partnership DMA</td>
</tr>
<tr>
<td></td>
<td>13. Columbus-Amsterdam BID (Lenape-Bloemendael DMA)</td>
</tr>
<tr>
<td></td>
<td>14. Lincoln Square BID</td>
</tr>
<tr>
<td></td>
<td>15. MetroTech Area DMA</td>
</tr>
<tr>
<td></td>
<td>16. Pitkin Avenue Business Improvement District</td>
</tr>
<tr>
<td></td>
<td>17. Sunset Park-Fifth Avenue DMA</td>
</tr>
<tr>
<td></td>
<td>18. Times Square Business Improvement District</td>
</tr>
<tr>
<td></td>
<td>19. Village Alliance DMA</td>
</tr>
<tr>
<td></td>
<td>20. White Plains Road DMA</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>1. Downtown DC Business Improvement District</td>
</tr>
<tr>
<td></td>
<td>2. Georgetown Partnership</td>
</tr>
<tr>
<td></td>
<td>3. Golden Triangle BID</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>1. Center City District</td>
</tr>
<tr>
<td></td>
<td>2. City Line Avenue Special Services District</td>
</tr>
<tr>
<td></td>
<td>3. Community Development Corporation of Frankford</td>
</tr>
<tr>
<td></td>
<td>4. Manayunk Development Corporation</td>
</tr>
<tr>
<td></td>
<td>5. Old City District</td>
</tr>
<tr>
<td></td>
<td>6. South Street/Headhouse District</td>
</tr>
<tr>
<td></td>
<td>7. University City District</td>
</tr>
</tbody>
</table>
GOVERNANCE FORMS IN URBAN PUBLIC-PRIVATE PARTNERSHIPS

Town Centre Management (TCM) partnerships analysed in the U.K.

<table>
<thead>
<tr>
<th>Territory</th>
<th>Town/ city</th>
<th>TCM</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>Bradford</td>
<td>Bradford City Centre Management</td>
</tr>
<tr>
<td></td>
<td>Bristol</td>
<td>Bristol Broadmead Board Ltd.</td>
</tr>
<tr>
<td></td>
<td>Coventry</td>
<td>City Centre Company</td>
</tr>
<tr>
<td></td>
<td>Lincoln</td>
<td>Lincoln City Centre Management</td>
</tr>
<tr>
<td></td>
<td>London</td>
<td>The Capital Link Partnership/ Central London Partnership</td>
</tr>
<tr>
<td></td>
<td>Nottingham</td>
<td>Nottingham City Centre Management</td>
</tr>
<tr>
<td></td>
<td>Reading</td>
<td>Reading Town Centre Management</td>
</tr>
<tr>
<td>Wales</td>
<td>Cardiff</td>
<td>Cardiff Initiative</td>
</tr>
<tr>
<td>Scotland</td>
<td>Edinburgh</td>
<td>Edinburgh City Centre Management</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>Belfast</td>
<td>Belfast City Centre Management</td>
</tr>
</tbody>
</table>

3. In the United States, BIDs receive various names: Special Assessment Districts (SADs), Downtown Improvement Districts (DIDs), Special Improvement Districts (SIDs) and Business Improvement Zones (BIZs) (Rothenberg Pack 1992; Hambleton and Taylor 1993; Mallett 1993; Bradley 1995).

4. There is currently BID legislation in Canada, England, New Zealand, South Africa, Serbia, Albania, and the U.S. There are bills going through parliament in Japan, Ireland, Scotland, Austria, Germany, Lithuania, the Czech Republic, Poland, and Romania.

REFERENCES


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