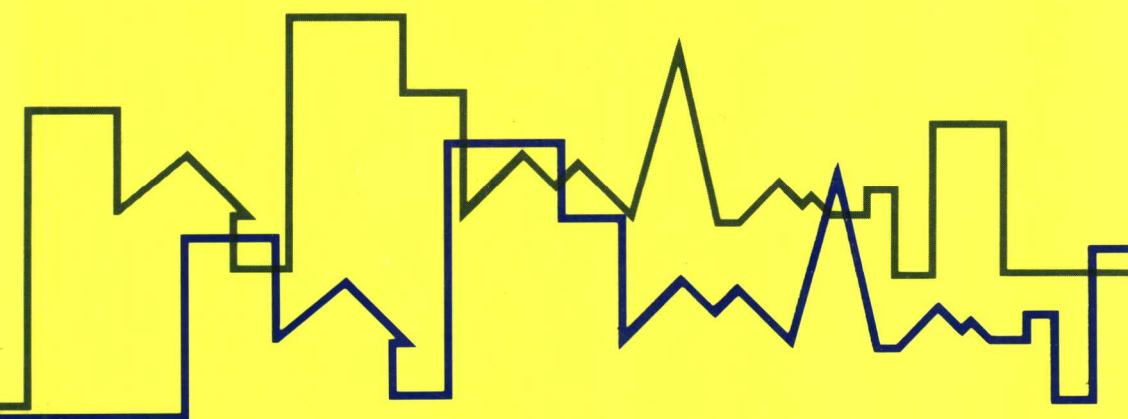


# **BRITISH URBAN POLICY**

***AND THE***

# **URBAN DEVELOPMENT CORPORATIONS**



***EDITED BY ROB IMRIE AND HUW THOMAS***

# BRITISH URBAN POLICY AND THE URBAN DEVELOPMENT CORPORATIONS

edited by  
Rob Imrie and Huw Thomas



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## PREFACE

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This book documents a traumatic and contested period of British urban policy. Since 1981, the Urban Development Corporations (UDCs) have symbolized the ideological and political values of successive Conservative governments, the rhetoric of the market over planning, and the propagation of a property, in distinction to people, based approach to urban regeneration. In particular, the UDCs have proffered a conception of inner city land uses which are inextricably linked to wider global restructuring processes. The city spaces in Britain and beyond reflect the legacies of productive decentralization, the rapid growth, globally, of new industrial sectors, and new forms of interregional and international competition for mobile capital. Amidst all of this, urban policy remains controversial in underpinning the socio-political and economic transformation of the cities.

In September 1991, with the financial support of the Nuffield Foundation, a two-day seminar was held in Cardiff to discuss the changing nature of the UDC initiative and its future in British urban policy. Despite the considerable volume of academic research and reporting on the UDCs, relatively few attempts have been made to document, and assess, the range of UDC policies and practices. The UDCs have been submerged under stereotypical conceptions which variously portray them as 'executives' of the central state, 'puppets' for global corporate capital, and mechanisms for overriding local democratic institutions. Yet, as the chapters in this book will illustrate, no single UDC rigidly conforms to the contours outlined above, while it is clear that there are significant variations in their modes of operation. In particular, it is increasingly clear that there is imperfect understanding of the localized development and delivery of national urban policy, and of how its wider development objectives are sustained, modified, or contradicted, by local socio-political milieux.

Thus, the starting point, common to all contributors, is the likelihood of significant variation in the delivery and implementation of urban policy, its unevenness, whatever the stated objectives of national government. We collectively identify three significant issues which provide the focal points for the case study chapters in Part Two of the book. First, how do UDCs develop and formulate policies and programmes in relation to the opportunities and constraints of their locales? Second, what is the nature, extent, and influence,

of institutional innovation, interaction, and collaboration, between the UDCs and local participants in development? Finally, in what ways can the UDCs contribute to 'best practice' in urban policy? Discussion of these themes is organized into three parts. Part One of the book places the UDCs in their wider socio-political context and traces many of the political tensions and social disputes which have followed in their wake. In Part Two, detailed case studies of eight of the British UDCs are presented. In Part Three, the chapters reflect on UDC policies and programmes and examine the transferability of their approaches and the likelihood of their survival as an element of future urban policy.

In bringing this project to fruition, we wish to acknowledge, with grateful thanks, the financial support of the Nuffield Foundation who made the overall project possible. We also wish to thank Justin Jacyno for drawing the figures in Chapters 1, 5 and 6, and Mark Lloyd for providing us with invaluable assistance in the final production of the book. Finally, we are grateful to the Department of Geography, Royal Holloway University of London, for providing a whole range of back-up assistance and materials.

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October, 1992

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## **PART ONE**

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# **Urban Development Corporations in Context**



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## URBAN POLICY AND THE URBAN DEVELOPMENT CORPORATIONS

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*Rob Imrie and Huw Thomas*

### Introduction

In August 1992, John Redwood, the Local Government minister, confirmed the continuing importance for one of the more controversial urban policy instruments of the last decade, the Urban Development Corporations (UDCs), in commenting that, 'we're committed to backing the UDCs' (Redwood, 1992). In proclaiming his faith in the UDCs, Redwood was endorsing over ten years of Conservative government urban policy, comprising a range of programmes which the Audit Commission (1989) concluded were 'a patchwork quilt of complexity and idiosyncrasy with few resources to match the scale of the attendant problems' (p. 4). Indeed, since the early 1980s, government policy towards the protracted problems of the inner cities has brought forward many initiatives, such as, Business in the Community, Task Forces, City Grants, and City Challenge, yet arguably none has matched the level of resourcing, or political zeal, which has underpinned the government's support for the UDCs. In these, and other senses, many authors, quite rightly, concur that the UDCs represent the flagship, the jewel in the crown, of Conservative government urban policy (Boyle, 1988; Lawless, 1989, 1991; Robson, 1988).

Yet, despite the proliferation of comments, articles, and outpourings on the UDCs, the Centre for Local Economic Strategies (CLES, 1990b, 1992) recently concluded that there is little systematic evaluation or monitoring of the UDCs. In particular, a number of key issues have been remarkably underdeveloped, and even overlooked, by researchers of urban policy, including little evaluation of the institutional dynamics of UDC policy formation, the links between UDCs and other agencies of regeneration, and the distributive costs of UDC policy (for exceptions see Imrie and Thomas, 1992). More importantly, while policy studies literature generally accepts the notion that policy processes differ considerably within and between policy domains, much research on the UDCs has tended to take a reductionist line in portraying them as invariant, undifferentiated, policy vehicles, instruments of both central government and the imperatives of global capital (Anderson, 1991; Atkinson and Coleman, 1992). Yet, as the various chapters in this book argue, such ideas are problematical in denying the institutional and political specificities,

and autonomy, of the UDCs, while, simultaneously, precluding systematic discussion of how organizations like UDCs may differ in operation, objectives, and policy.

The UDCs were created by the 1980 Local Government, Planning and Land Act and have since become a significant instrument for the formulation, development, and implementation of urban policy in England and Wales. Their remit was originally outlined by Michael Heseltine (the then Secretary of State for the Environment) in 1979, who saw the UDCs as both a political and economic mechanism for unlocking the 'development' potential of the inner cities. In economic terms, the objectives of the UDCs were clearly signalled by Section 136 of the Act, 'to secure the regeneration of its area, by bringing land and buildings into effective use, encouraging the development of existing and new industry and commerce'. The UDCs were forerunners in reorienting urban policy towards new economic imperatives in urban regeneration with the objective of pump-priming inner city land values through infrastructure projects, creating, and enabling, the new spaces of production and consumption, and utilizing private sector capital as a mechanism for revitalizing the cities.

The UDCs were also born at a time of great upheaval for local government, where the very *raison d'être* of local authorities was being questioned (Gyford, 1985; Stoker, 1991). Indeed, up until 1979, it was widely, although not exclusively, accepted that local authorities were the natural agencies for the propagation of urban policy, yet by 1980 their role, at the heart of both devising and delivering policies for the regeneration of the cities, was being transformed. In particular, government concern was premised on an ideological distaste of public sector intervention, and, in its early years, the Thatcher administration was particularly zealous in seeking to privatize public policy and reduce the role of what was being presented as 'the interfering state' (Gurr and King, 1987; Stoker, 1991). Such ideas were crystallized by Michael Heseltine in 1979, who held up the UDCs as an alternative model in noting that 'there is a need for a single minded determination not possible for the local authorities concerned with their much broader responsibilities' (DOE, 1979). In essence, the UDCs were to represent the future, an amalgam of free-enterprise, deregulated decision making, and streamlined bureaucracy.

The introduction of the UDCs in 1980 reflected these new political priorities and they have undoubtedly come to symbolize the times, as non-elected agencies, ultimately responsible to, and controlled by, central government, with an emphasis on market-led, property-based regeneration. Indeed, what marks out the UDCs as a particular policy phenomenon of the last decade, a kind of watershed, is their embodiment of the post-modern city, an embellishment of fragmented institutions, new development alliances, and, most crucially, an apparent diminution in the role of state managerialism (Harvey, 1987; Imrie and Thomas, 1992, 1993a). In particular, a range of authors concur that the UDCs have proffered a new institutional context for the development and delivery of urban policy, a single agency debureaucratized forum (Burton, 1986; Coulson, 1990; Imrie and Thomas, 1992). As Harvey (1987) notes, organizations like the UDCs represent new forms of urban governance, predicated on entrepreneurial activity, with the state increasingly residualized to the role of 'strategic enabler', in practice, a passive fragmented player in the restructuring of the cities.

Yet, as the chapters in this book will indicate, such views tend to ignore the

complex and multi-layered policy networks which characterize the operational environments of the UDCs, and other urban policy instruments. Too often, discussion of the UDCs is predicated on the 'withering away of the state' thesis, that state involvement in urban regeneration is markedly reducing. Yet this belies the evidence on the emergence of public-private partnerships and the close alignments which are occurring between many local authorities and the private sector (Boyle, 1988, 1989; Harding, 1991). As the chapters in this book note, the local embeddedness of the UDCs, forging links variously with local politicians, community groups, and local civil servants, is both unavoidable and a necessary condition for the successful formation and implementation of UDC policy and strategy (Coulson, 1990; Stoker, 1991). UDCs themselves may see such processes as legitimization exercises, but, if so, they can be ones which have tangible impacts on their working practices and policies. In this sense, a full understanding of UDCs needs to recognize their involvement in webs of interaction and collaboration with local participants in the development process, processes which are integral to the shaping, containment, and development of UDC strategy and policy.

Moreover, evidence from chapters in this book brings into question the stereotypical notion that the UDCs represent, in Heseltine's words, 'single-minded determination', a shift from the rigidities of the bureaucratic (local) state. While the UDCs have particular powers which enable them to circumvent local democratic channels, there are still many senses in which 'bureaucracy', 'red-tape', even accountability, have not been emasculated. Some UDCs actively forge relations with local authorities, developing new joint committees and committee cycles, and entering into partnership agreements while utilizing shared budgets, strategies which fly in the face of government exhortations concerning the apparent inertia of the local state. Indeed, at least some UDCs are more critical of the ties and controls exercised by what one Chief Executive termed 'that interfering central government'. For example, as one senior official in the Cardiff Bay Development Corporation has commented, on its relations with the Welsh Office, 'they've got us pinned down and fiscal control, centrally, is really preventing us from getting on with the job'.

In this opening chapter we critically discuss the significance of the UDCs as a central component of contemporary policies for urban regeneration. We divide the rest of the chapter into three. In the next section we provide an overview of the main transformations in urban policy since the late 1970s, particularly focusing on changes in the organizational and fiscal context of central-local government relations. We then provide an outline of the UDC initiative, commenting on its origins, objectives, and financing, while also providing an assessment of some of the main transformations and continuities in UDC strategy and policy since the early 1980s. The final section outlines the main themes and issues of the book by calling for more sensitized, or contextualized, evaluations of urban programmes and policies.

## The Changing Dimensions of Urban Policy

In the last ten years a wide range of policy measures have been adopted by both central and local government in attempts to combat the worst consequences of urban decline. While a complex, multi-dimensional, inner

city problem was officially recognized in the 1970s, policy frameworks have changed significantly with the onus moving from exclusively public sector initiatives to market based, or private, solutions. In particular, the term 'urban regeneration' has been coined to signal a new era of urban policy based on property-led answers to urban problems (Healey, 1992; Moore and Richardson, 1989; Turok, 1992). As CLES (1990b) suggest, the term 'urban regeneration' is an American import which describes a particular approach to city revitalization, the physical regeneration of localities, investment in buildings and infrastructure. Boyle (1988) summarizes the key features of this approach to inner city decline, as market-led strategies to lever in private property investment, with an effective transfer of policy making from public to private sectors.

Yet the role of the local authorities, as the 'natural agencies' of inner city reconstruction and policy, was enshrined in the 1978 Inner Urban Areas Act which stressed that private sector disinvestment, consequent upon structural changes in the economy, was the primary cause of inner city decline. In particular, it was argued that an expanded role for the local state was a prerequisite in overcoming urban decline, a position clearly outlined years later by the Association of Metropolitan Authorities (1986), who argued that local government is uniquely positioned to be sufficiently responsive to the needs and problems of all sections of the community. As Lawless (1991) notes, a number of broad themes dominated much of the early thinking on the inner cities, especially a recognition that inner city deprivation was primarily caused by declining personal household and community income due to diminishing job opportunities and inadequate social welfare services (p. 16). Indeed, the 1977 White Paper, *Policy for the Inner Cities*, concluded that 'any effective urban policy would require central and local government to make funds available for the inner cities' (p. 5).

This interventionist ethos also underpinned the Urban Programme, introduced in 1968. However, this earlier programme differed from the structural analysis of the 1977 White Paper, being based on social pathological reasoning, that the problems of the inner cities, crime, poverty, poor housing, and inadequate health, welfare, and community facilities, were somehow linked to the personal and familial inadequacies of the resident populations (Lawless, 1989; Robson, 1988). The early focus of the Urban Programme was on social and community programmes, with central government funding 75% of project costs, although, as Lawless (1989) notes, it was evident by the mid 1970s that little headway was being made in stemming the continuing job and population losses from the cities. Thus, by the late 1970s, the overt concerns of the Programme were beginning to focus on job creation and the economy, an orientation which was clearly specified by a Department of the Environment (DOE, 1981) guideline which stated that there 'must be a presumption in favour of projects which have as their objective the stimulation of economic activity appropriate to the area'.

This orientation, with its recognition that changes in the economic base of inner areas were crucial in explaining their characteristics, was crystallized in the 1977 White Paper, which recommended the creation of the Inner City Partnerships (ICPs), joint central-local state initiatives, in conjunction with private sector interests, to develop projects aimed at the economic revival of the inner cities (see Gurr and King, 1987). In particular, the Partnerships were

an attempt to develop a common approach to seven of the most deprived localities in England, utilizing the expertise of a wide range of constituent interests, including local government, the police, voluntary groups, the DOE, and the private sector. Yet, as Lawless (1991) and others have noted, the ICPs failed to agree a corporate approach, and the little coordination which was achieved tended to be short-lived by 'dissolving into its component parts' (Parkinson and Wilks, 1985, p. 302). Indeed, by the early 1980s, the Conservative government had rejected the idea that local government should be a major player in urban policy and, as Lawless (1991) notes, a shift towards the liberalization and deregulation of urban policy ensued.

The ensuing transformations in the institutional and fiscal context of urban policy have been linked to national government objectives concerned with enhancing central state control over local government policy making (Duncan and Goodwin, 1988). Throughout the 1980s, the Conservative government introduced a wide range of financial, legislative, and administrative measures (of which the UDCs were but one) aimed at minimizing the role of local authorities in favour of private sector enterprise. As Heseltine argued in 1979,

*The Government is committed to take a radical look at the way in which bureaucratic institutions affect our industrial and economic performance. We see the need to redefine the frontier between the public and the private sector.*  
(Hansard, 13 September, 1979)

This line of argument was more forcibly developed by the Minister for Local Government, Tom King, who provided a rationale for the utilization of the private sector:

*The Urban Development Areas, like much of the rest of our inner urban areas, desperately need the private sector's energy and resources . . . so do the Enterprise Zones which we have created. In these too we must encourage and enlist the flair, drive, and initiative of the private sector as the only possible way of restoring lasting prosperity to the decaying areas of some of our towns and cities.*

(quoted in Duncan and Goodwin, 1988)

By the mid-1980s, the UDCs were promoted as exemplars of the more general approach increasingly being adopted towards urban policy, particularly the utilization of business leaders to take over the agenda of public policy, a trend which Colenutt, in Chapter 11 of this volume, argues is gaining strength in the 1990s.

As Robinson and Shaw (1991) note, the privatization of public policy chimed with the political objectives of central government, objectives which were indicative of a simultaneous shift from a state-controlled, public sector-led approach, and from a decentralized, fragmented, local structure to a centralized national structure (also see Meager, 1991). The privatization of urban policy has been utilized as a mechanism to achieve 'value for money', based on the assumption that resources are best utilized in a private sector culture, and a whole range of urban policy measures have been co-opted by business leaders who, as Shaw (1990) notes, find themselves bringing their 'vision' and 'leadership' to the Boards of UDCs, Training and Enterprise Councils,

Enterprise Agencies, and Regional Development Companies. As Robinson and Shaw (1991) argue, the 'new leaders' seem to constitute an empowered urban elite akin to the philanthropic businessmen of the Victorian era, yet, as CLES (1992) and others have noted, their power base is partial and their development objectives narrowly construed around commercial returns on projects. Nor is it always the case that, in practice, business leaders (especially if locally based) share the ideological hostility of Conservative governments to the idea of a locally responsive community regeneration (see Colenutt, Chapter 11).

The redrawing of central-local government relations, which has accompanied the privatization of particular facets of policy, has been multi-dimensional, yet with the common objective of a diminution in the power of local government. As Goldsmith (1990) notes, local government finance has shifted from the introduction of expenditure targets for specific local authorities, with sanctions for overspending, to the utilization of local tax-capping with limits placed on the level of local taxes which local government may levy. It is also clear that local government has lost powers in policy formulation and service delivery to a range of sectional interests, including parents, voluntary groups, and, significantly, businesses. The strategy of privatization has involved the withdrawal of key activities from local government, the contracting-out of services, and an increase in legal forms of control over local authorities. Moreover, the focus on business elites, quangos, and other localized forums for policy delivery, has led to a proliferation of non-elected bodies dealing with the socio-economic problems of the British cities. In sum, urban policy has gradually come to be dominated by central directions, with implementation heavily influenced by the private sector and market trends.

This is well exemplified with regard to the financing of urban policy which, as Robson (1988) claims, has been 'piecemeal, *ad hoc*, and subject to the law of one hand taking away what the other was giving' (p. 96). For instance, while the overall level of finance in the Urban Programme (including the UDCs) increased substantially, from £29 million in 1977-78 to £361 million in 1985-86, no additional government spending was actually involved, in that additional spending on the UP was a product of savings made by government cuts in the Rate Support Grant (RSG) to urban councils. Yet, as Duncan and Goodwin (1988) note, the increase in spending on the Urban Programme signalled a shift from local authority controlled Partnership Programmes to the non-elected UDCs and other (privatized) policies. By 1988-89, of the alleged £3 billion that central government had allocated to the cities, only 10%, the Urban Programme, was subject to local government influence (Lawless, 1991, p. 25).

The restrictions on local government discretion, or the framework within which urban policy has been conceived and delivered, have facilitated successive Conservative governments in their efforts to redefine the *content and direction* of urban policy. The idea of a complex interplay of economic, social and environmental factors, each requiring an appropriate response, exemplified by the aspirations, if not reality, of the original inner city partnerships, has also been replaced by a focus on physical transformation, a property-led approach to regeneration. In particular, policy instruments, like City Grants and the UDCs, are exemplars of this approach, investment in buildings and