

CHAPTER 2

OVERVIEW OF URBAN REGENERATION POLICIES

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INTRODUCTION

The purpose of this chapter is to provide an overview of the economic and social policies that were created and implemented in order to address the economic, social, environmental and physical decline of post-industrial cities in the UK. The analysis focuses on the evolution of urban regeneration policies, objectives, initiatives, and strategies as it relates to changes in the policy environment. Several discrete phases in this evolution process have been identified with their characteristic features, policy and institutional frameworks. These phases would be explored with a particular emphasis on the transformation of a property-led to a more comprehensive urban regeneration policy. Figure 2.1 summarizes major policy milestones.

CONTEXTUAL INFLUENCES AND THE POLICY ENVIRONMENT

Various elements influence the policy environment and the type of urban regeneration programs implemented, however, the economic, political and social factors are the most significant drivers of change. Correspondingly, the political scene and ideologies of the prevailing party determine the direction of urban policy, which correspondingly affects the choice of approaches, programs and funding support. Most importantly, the dominant social

circumstances and characteristics influence the issues to be addressed.

RECONSTRUCTION – URBAN POLICY OF THE 1950'S

The period of the 1950's was marked by post-war reconstruction of British cities and towns. The task of reconstruction and development became urgent for the Labour Government, in response to the growing needs for new family housing. This was also a period of suburban growth in new council housing estates. Unfortunately, the process of suburban development and the relocation of industry resulted in severe decline of the inner city. Key actors and stakeholders in urban reconstruction schemes during the period were both the National and Local Governments, with additional minor interjections from the private sector (Roberts *et al*, 1999). Driven by the welfare state ideology, urban policy was deeply rooted in State control and provision of services to direct the processes of urban change. Reliance upon the private sector was negligible as it was considered incapable of addressing the needs of society.

State direction was the way forward; private interests in land and development had to be subservient to the public interest (Barnekov et al., 1989, p.31).

REVITALISATION – URBAN POLICY OF THE 1960'S

Housing and population pressures continued to be a problem regardless of the efforts and interventions brought about by both the Labour and Conservative Governments. Growth continued in the peripheral and suburban areas, with minor attempts at rehabilitating the core. Regardless of these isolated policies and initiatives implemented in the inner cities, there were visible signs of physical, economic and social decline. The inability of State policies and actions to alleviate unemployment and to deal with race riots and failing local economies, fostered the belief that the State planning system was incapable and considerably inefficient (Barnekov et al., 1989).

Figure 2.1 Urban Regeneration Policy Milestones

The Evolution of Urban Regeneration, (Adapted from Roberts and Sykes, 1999 , p.14)					
Period Policy Type	1950's Reconstruction	1960's Revitalisation	1970's Renewal	1980's Redevelopment	1990's Regeneration
Major Strategy and Orientation	Reconstruction and extension of older areas of towns and cities often based on a master plan; suburban growth	Continuation of 1950's theme; suburban and peripheral growth; some early attempts at rehabilitation	Focus on in-situ and neighbourhood schemes; still development at periphery	Many major schemes of development and redevelopment flagship projects; out of town projects	Move towards a more comprehensive form of policy and practice more emphasis on integrated treatments
Major Policies	Town and Country Planning Act of 1944 and the New Towns Act of 1946	Urban Programme (1968)	1977 White Paper: Policy for the Inner Cities - Partnership Programme ; Inner Urban Areas Act (1978)	1989 White Paper: The Future of Development Plans 1989 Planning and Compensation Act Action for Cities Programme · Urban Development Grant (1982) · A special inner-city priority category for Derelict Land Grant (1982) · Garden Festivals (starting in 1984) · City Action Teams (1985) · Task Forces (1986-87) · Urban Regeneration Grant (1987) · City Grant (1988) · Urban Development Corporations (1981) · {Enterprise Zones (1981)}	1990s+ Planning Policy Guidance Notes (PPG's) 1990s+ Regional Policy Guidance Notes (RPG's) · City Challenge (1991) · Single Regeneration Budget (1994) · English Partnerships (1998) 1990 This Common Inheritance 1990 Environmental Protection Act 1997 White Paper: 'Building Partnerships for Prosperity: Sustainable Growth, Competitiveness and Employment in the English Regions' 1998 White Paper: 'Our Competitive Future: Building the Knowledge Driven Economy' 1998 Regional Development Agencies Act · Regional Development
Key Actors and Stakeholders	National and local government; private sector developers and contractors	Move towards a greater balance between public and private sectors	Growing role of private sector and decentralisation of local government	Emphasis on private sector and special agencies; growth of partnerships	Partnerships the dominant approach, devolution of power to the local authority; community empowerment and involvement
Spatial Level of Activity	Emphasis on local and site levels	Regional level and activity emerged	Regional and local levels initially; later more local emphasis	In early 1980's focus on site; later emphasis on local level	Reintroduction of strategic perspective; growth of regional activity
Economic Focus	Public sector investment with some private sector involvement	Continuing from 1950's with growing influence of private investment	Resource constrains in public sector and growth of private investment	Private sector dominant with selective public funds	Greater balance between public, private and voluntary funding
Social Content	Improvement of housing and living standards	Social and welfare improvement	Community based action and greater empowerment	Community self-help with very selective state support	Emphasis on the role of community
Physical Emphasis	Replacement of inner areas and peripheral development	Some continuation from 1950's with parallel rehabilitation of existing areas	More extensive renewal of older urban areas	Major schemes or replacement and new development; 'flagships scheme'	More modest than 1980's; heritage and retention
Environmental Approach	Landscaping and some greening	Selective improvements	Environmental improvement with some innovation	Growth of concern for wider approach to environment	Introduction of broader idea of environmental sustainability

The State responded through the establishment of the Urban Programme by Home Office (1968). Under the program, areas of severe deprivation would receive central government resources, under the 1969 Local Government Grants Act, to assist in the completion of urban and social service programmes. The arrangement stipulated that State funding was expected to cover 75% of the total project costs, the remainder was to be matched by the local authorities. As Lawless (1989) pointed out, Britain's national welfare system and post-war urban policy was directly labelled a failure.

RENEWAL – POLICY OF THE 1970'S

Rediscovering the 'inner-city', in conjunction with the formulation of the first urban policy documents, attempted the coordination of physical, economic and social policies, which previously operated on an individual basis. Urban policy of the 1970s aimed at addressing four major problems (Barnekov *et al.*, 1989):

- Rising urban poverty, housing needs, low-income earners and unemployment.
- The long-term unemployment of males and the increasing job-loss in the inner city areas.
- The concentrations of racial minorities in major urban centres – for example, London and Birmingham.
- The causes as opposed to the symptoms of decline.

What was significant during this decade, was the shift in emphasis from the physical

redevelopment approach, guided by the familiar 'bricks and mortar' philosophy, which had been the traditional basis of British urban policy. The 1977 White Paper: Policy for the Inner Cities represents an emphasis on urban poverty and economic revival.

Mainstream urban policy, including housing, planning and industrial location were in principle to be linked to inner city decline for the first time, and the post-war policy of dispersal, while not discarded, was accorded lower priority than ever before (Barnekov et al., 1989, p.157).

Subsequent adoption of the 1977 White Paper led to a revision of the Urban Programme and the initiation of the Partnership Programme as a strategy to regenerate inner cities (Lawless, 1989). Further, an Inner Urban Areas Act (1978) was created, expanding the provision of funds to private firms in conjunction with the Urban Programme and the government's mandate for economic regeneration.

The concept of the *Partnership Programme* evolved out of the 1977 White Paper. Seven urban areas experiencing considerable decline were targeted under the partnership programme. The London Docklands, Hackney-Islington, Lambeth Newcastle-Gateshead, Manchester-Salford, Liverpool and Birmingham were chosen for the experiment (Figure 2.2). This initial adoption of the partnership programme received criticism for the way in which funding was allocated and the actual management of the partnership.

Figure 2.2 London Docklands, late 1970's



Source: Royal Docks Website, 2000

The main goal of the partnership was to direct the efforts and resources of all sectors involved to areas of the inner city, which were in critical need of regeneration. By leveraging private investment the programme obtained significant capital to warrant the initiation of innovative regeneration initiatives (Lawless, 1989).

REDEVELOPMENT – URBAN POLICY OF THE 1980's

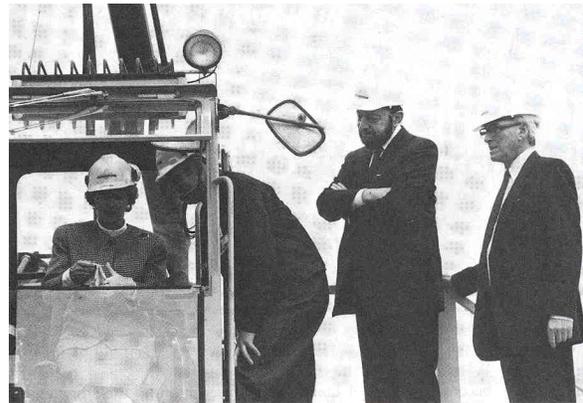
The decade of the 1980's saw great changes in government policies that directed the urban planning of inner cities. The main catalyst for such a paradigm shift to market-based regeneration was the 1977 White Paper *Policy for the Inner Cities*, which claimed that the underlying reason for the deterioration of inner cities was the decline of economic establishments (Deakin and Edwards, 1993). The programmes and strategies identified possible inclusion of all sectors -- public authorities, non-profit organisations, community organisations, and the private sector. Including and accentuating private sector involvement in urban revitalisation projects, evolved from the idea that central government should and could not provide all of the resources necessary for urban regeneration. The notion of 'partnerships' and the emphasis on 'leverage' and commercial developments led to the birth of the 'enterprise culture' successfully pioneered by the Thatcher regime (Figure 2.3).

Urban Development Corporations and Enterprise Zones were the two most significant initiatives that accelerated the process of urban regeneration, in conjunction with the Urban Development and Urban Regeneration Grants.

Urban Development Corporations (UDC) exemplify property-led urban regeneration of Britain's urban policy for the 1980s. Their mandate is to bring buildings and land into effective use, to endorse the development of new and existing industry, to generate an attractive environment, and to ensure the provision of social and housing facilities thereby encouraging people to work and live in the area (Berry *et al.*, 1993). Essentially, by securing the development of property and land,

the regeneration of declining areas would be accomplished. Created by the Secretary of State for the Environment - Michael Heseltine - who perceived the failure of urban regeneration efforts in the past as a product of public sector driven policies, the UDC's were vested with decisive powers and substantial annual funding enabling the physical regeneration of buildings and land in specific areas.

Figure 2.3 Margaret Thatcher at Canary Wharf.



Source: Brownill, 1990

As "enablers" UDCs had the power to grant planning permission for projects within the designated area, in addition to the power of compulsory purchase that allows them to acquire, hold, manage and dispose of land at their discretion (Deakin and Edwards, 1993; Berry *et al.* 1993). Supplementary powers allow UDC's to provide grants and financial aid to private developers. They are also responsible for developing the infrastructure resources, such as water, electrical, gas and sewer services within the designated area. This was seen as essential to entice the private sector, which was believed to be the primary means for securing urban regeneration. Paradoxically, they were not strategic plan making authorities, and they were not bound by plans created by the local authorities (Brownill, 1990; Berry *et al.*, 1993).

It is through the UDC's that the partnership frameworks for regeneration projects are put into motion. In 1998 all Urban Development Corporations were phased out; all powers and activities were transferred to the new agency called the English Partnerships (EP).

Enterprise Zones (EZ) originated as an experiment, whereby an area is delineated as 'planning free'. As such, the standard development control regulations are null and void, thus creating an atmosphere for aesthetic creativity (Berry *et al.*, 1993). The simplified planning regime of designated areas provided speedy consent for numerous developments that complied with specified standards of access, height and land use. This proved to be particularly attractive for developers and investors. Initially, eleven enterprise zones were designated in the UK. They were prescribed for areas of physical and economic decline, whereby conventional policies failed to produce sustained economic activity. EZs were located throughout the country in areas with differing circumstances in an effort to test the effectiveness of the approach. In addition, economic incentives are also offered, such as relief from development land taxes for "x" number of years, taxes that are subsequently paid to the local authorities by the Treasury. Allowances of up to 100% were also given on commercial and industrial buildings, a very attractive incentive for developers (Lawless, 1989).

The Urban Development Grant (UDG) was introduced in 1982. The sole purpose of this policy instrument was to involve the private sector. In essence, it was the capital offered by the government, yet only to those projects that involved both the local authorities and the private sector; however, there were no restrictions on the type of projects eligible for this grant. It was thought that by leveraging public funding for inner city projects, the private investors would feel more confident to collaborate. The premise was to optimise the ratio of private to public funding for projects.

The Urban Regeneration Grant (URG) was initiated as a compliment to the UDG, in an effort by government to assist the private sector in bringing forward major schemes. The grant also aimed at enhancing the role of the private sector and diminishing that of the local authorities. This was achieved by direct payment to the private developers, who need not obtain development approval from the local authorities.

City Grant. The UDG and URG grants, which were favourable to private sector led joint venture projects, illustrate the emphasis that

Government placed upon "enterprise" driven regeneration. In 1988 both the UDG and URG were merged into the new City Grant, and developed as a policy instrument in conjunction with the *Action for Cities* programme. Applications for the grant were evaluated by a private sector committee and awarded directly to the developers, thus bypassing the local authorities completely. All faith had been lost in the previous renewal efforts of the public authority and local government. Both the urban regeneration grant and the city challenge bypassed local government to overcome bureaucratic constraints, offset specific disadvantages of inner city sites, and assist the projects' commercial viability. The removal of powers from the local authorities, which were in most cases advocates of the Labour party, was also a significant motive for the Conservative Thatcher regime, which felt hindered by their non-capitalistic views.¹

REGENERATION POLICY OF THE 1990S

Concerns raised about the top-down approaches to urban regeneration during the 1980s brought about a re-evaluation and subsequent restructuring of the policy framework towards a more holistic, locally sensitive strategies. Policies became more engaged in the concept of "new localism", representing a managerial, competitive and corporate approach to regeneration and the allocation of funding. As such, the orientation of policies and practices were geared towards integration of physical, social and economic strategies for change. The partnership approach became dominant, and alliance of key actors and stakeholders was reinforced through the allocation of funds, which required a partnership between the private industry, local and national government agencies, and the community. In economic terms, funding from the public and voluntary sectors reached

¹ The excessive marketing of private sector led development culminated during the third election trial for Thatcher's Party. The overwhelming message evident was that "...regenerating the inner cities was a job for the private sector and that local authorities would be relegated to a minor role in which the damage they could do could be controlled" (Deakin and Edwards, 1993).

a level similar to that of the private sector, which was previously the primary source for capital investment.

Regional Development Agencies. (RDA) The principal institutional developments in the late 1990's include the establishment of RDAs and English Partnerships.² The RDAs were created with the purpose of reducing regional inequalities in England, through the coordination of economic regeneration and economic development, thereby enabling competitiveness and sustainable development (DETR website, 2001). The economic and financial work of the RDAs, includes the revised funding arrangement for the Single Regeneration Budget and the provision of resources both under traditional programmes, such as Assisted Area Policy and new initiatives including the New Deal for Communities (Figure 2.4, 2.5).

Figure 2.4 The Royal Docks, London



Source: Tsenkova, 2001

English Partnerships emerged in 1992 as the most important action undertaken to address urban decline. These are the new urban regeneration agencies responsible for the reclamation and development of derelict, underutilised, and vacant lands (Roberts 1999). The organisation was formed through

² Over the 1990s, the strategy for regeneration assisted the establishment of several other new agencies. Significant programmes were implemented through the Private Finance Initiative, Urban Task Forces, Housing Action Trusts, Training and Enterprise Councils and the Employment Service. These new agencies build on the legacy of previous initiatives, but act in a more coordinated fashion nationally, regionally and locally.

combining the roles of the Commission for the New Towns with the national functions of the Urban Regeneration Agency. EPs operate on a regional basis since April 1999 retaining the powers of Compulsory Purchase Orders, rights of entry and survey and specific planning powers in the New Towns (English Partnerships, 2000). English Partnerships builds upon the legacy of the Urban Development Corporations, by continuing to act as an enabler and mediator between the public, private, voluntary, and community sectors.

Figure 2.5 Housing Development in the Royal Docks, managed by EP.



Source: Tsenkova, 2001

New Initiatives. The New Deal for Communities, City Challenge, the Single Regeneration Budget, and the European Funding Programmes launched in the 1990s collectively aim to support bottom-up regeneration processes within the framework of comprehensive partnerships. Most importantly, these programmes represent a commitment to increasing local community participation. The redefinition of regeneration policy to include housing, employment, transport, education, environmental management, planning, health and community development reinforce the comprehensive approach to regeneration.

Single Regeneration Budget (SRB) emerged in 1993 as an effort to integrate all existing regeneration programmes into one single framework. The SRB is administrated by the Integrated Regional Offices of Central Government. Essentially, it funds all government quango's – UDCs, HATs and EPs – with any remaining monies available for competitive bidding through the SRB Challenge

Fund. The SRB programme and Bidding Guidance outline a wider range of objectives that fall under seven main areas to which the funding is to be directed. Some priorities include: the provision of better housing for disadvantaged local groups; the improvement of employment opportunities for local people through training; improving the competitiveness of local firms; improving the physical and environmental state of the area; reducing crime; and improving community cohesion and improved access for ethnic minorities (Roberts and Sykes, 1999). The SRB funding is also contingent upon the formation of a partnership, to be led by the local authority or the Training and Enterprise Council. Further, local authorities are also delegated broad and flexible powers (meaning the provision of financial support or services), for the purpose of direct or indirect participation throughout the process (DETR website, 2000).

SRB partnerships have proved effective at working "horizontally" across traditional departmental boundaries demonstrating the impact that can be achieved through synergies with other spending programmes and through leverage of private investment (DETR, 1998b, statement by Deputy Prime Minister).

The City Challenge Fund (CCF) is the single largest urban policy budget, whereby local authorities bid for partnership funds alongside private, voluntary and other public sector bodies. The local authority is given the key role in designing the urban regeneration plans, for areas of pivotal importance to the regions resurrection. The CCF is allocated to those regeneration projects that are based upon the formulation of a partnership, inclusive of all sectors and levels of governance – public, private, voluntary, and community. Unfortunately, the initial establishment of the CCF caused a flood of applications for additional funding by the private sector, which were more concerned about the funding than forming a genuine partnership. As a result, the community and voluntary sectors were not very active in regeneration schemes that received city challenge funding. In terms of community involvement, this was particularly the case in areas of high unemployment, where efforts at community capacity building should have been undertaken before the onset of the project. The lack of a genuine partnership, affected the

quality of the regeneration performance and final outputs (DETR, 1999).

CONCLUDING COMMENTS

The direction of urban regeneration policy has changed over the decades, moving from a specific area-based regeneration effort to encompass a strategic regional and national perspective. Property-led regeneration, and the government's focus upon urban economic policies in the past, received a lot of criticism, claiming that it failed to recognise critical social and community issues and problems. Even though environmental improvements and physical renewal was achieved, the fundamental needs of inner city residents were neglected and favourable opportunities to apply their skills and capacity were missed.

The inclusion of social and environmental policies, in association with economic and physical policies, illustrates a more comprehensive approach to addressing urban deprivation, particularly through efforts in the 1990s. This approach is also illustrated in the effort to coordinate funding and the activities of agencies to achieve positive synergies and integration of previously fragmented institutional programs. Further, the increasing emphasis on genuine and comprehensive partnerships, between the public and private sectors, to achieve successful and sustainable regeneration indicates a major shift in state urban policies.

