



## **Regeneration and the Legacy of Thatcherism**

**Juliet Carpenter**

*What was Margaret Thatcher's legacy in terms of the way inner-city areas are regenerated in the UK? Juliet Carpenter shows that while the highly market-driven approach of 1980s "urban development corporations" was later officially abandoned in favour of more community-led action, certain elements of the Thatcherite philosophy survived under New Labour, resulting in the "state-led gentrification" of Britain's cities.*

Much has been written about Margaret Thatcher's legacy since her death in April 2013. As Prime Minister from 1979 to 1990, her distinctive approach to policy and politics had a profound effect on Britain in the 1980s. The Thatcher ideology was based around the organisation of the economy, and the style and content of government (Thornley 1993). Thus, under Thatcherism during the 1980s, Britain moved towards a freer, more competitive, more open economy and a more repressive, more authoritarian and centralised state (Gamble 1988). This affected all aspects of economy and society, which, some argue, can still be felt in contemporary Britain today.

According to Thornley (1993), in the sphere of urban planning, there were a range of perspectives on whether Thatcher's policies would have a lasting impact and legacy (Allmendinger and Thomas 1998). One view was that the significance of the changes under her administration would not appear so great, when seen from a historical perspective (Reade 1987). An alternative view was that the ideological rhetoric would be dropped once the challenges of implementing her policies had been realised (Healey 1983). Finally there were those who felt that the Thatcher years presented a fundamental step change, with a strong focus on the importance of the market and greater centralisation of power, factors which would have a lasting legacy on the economy, society and politics of Britain (Thornley 1993; Ambrose 1986; McAuslan 1980).

What we argue here is that while historical analysis suggests that the first proposition has not been played out, the second and third perspectives are both relevant in their separate ways. When considering urban planning and policy over the last 30 years, it is clear from a historical perspective that the Thatcher ideology has had a significant influence on urban policy. However, a close reading of the changes that took place during the Thatcher years, and subsequently under John Major's Conservative administration, suggest that the emphasis of planning policy shifted towards social interventions, as the negative impacts of previous policies became apparent towards the beginning of the 1990s. To illustrate this point, we will explore in the rest of this article the example of urban regeneration, the approach that was introduced during the Thatcher years, and the subsequent evolution of policies addressing urban deprivation that were implemented in the years that followed.

### **Thatcher's solution to the inner cities**

Margaret Thatcher came to power in 1979 at a time when the British economy was struggling. Deindustrialisation, globalisation and relatively high labour costs meant that manufacturing industries were having difficulty competing on the world market. Plant closures and physical

dereliction were a familiar sight in many of Britain's inner cities, bringing related economic and social deprivation (Harrison 1983). For the proponents of Thatcherism, urban deprivation was the result of "market failure" in the inner cities, where land and property markets were no longer seen as attractive to the private sector. The solution was to encourage the market, the private sector, to reinvest in the inner city, which would in turn, so the theory supposed, create "trickle-down" benefits for the wider local economy and population, and thus address urban deprivation.

The key flagship policy to encourage investment in the inner city was the creation of so-called urban development corporations (UDCs). UDCs were non-departmental government bodies set up to reclaim and assemble derelict and contaminated land and invest in infrastructure to stimulate private-sector development, thus addressing "market failure" in land and property markets. In line with the Thatcherite antagonism towards the public sector, which was seen as having too much involvement in society, the responsibility for regeneration was taken away from local authorities and handed to UDC members, appointed by central government and often representing the private sector, with their own land acquisition and planning control powers.<sup>1</sup> The first two UDCs were announced in 1981 by Michael Heseltine (then Secretary of State for the Environment), located in London's Docklands and on Merseyside, two areas that were particularly badly affected by deindustrialisation, but which were also perceived as having potential for development. A total of 11 UDCs were established during the Thatcher years.<sup>2</sup>

The impacts of UDCs were particularly controversial. The Right saw UDCs as a necessary mechanism to deliver regeneration in run-down inner city areas that had been abandoned by the private sector, due to the high risks involved. Adopting a property-led approach to regeneration, the areas under UDC control were transformed physically, with significant private sector investment in housing and office space. An evaluation in 1998 of the UDCs' achievements showed that for every £1 of public sector investment, some £3.45 was leveraged from the private sector (Roger Tym and Partners 1998). But they were also strongly criticised on a number of counts: for their failure to engage with local communities, their disregard for the social impact of their activities, and their lack of concern for local accountability, marginalising local authorities from development planning (Brownill 1990; Imrie and Thomas 1999). In particular, there was little evidence of the "trickle-down" benefits to local deprived communities. On the contrary, socio-economic polarisation increased, as the local population had little access to the high-end jobs and wealth created through the UDCs.

### **Post-Thatcher regeneration strategies**

Thatcher stepped down as Prime Minister in November 1990, following a leadership challenge from Michael Heseltine. This period of discontent within her party about certain policy stances, in particular about joining the European Exchange Rate Mechanism, as well as her leadership style, coincided with a growing body of independent criticism against the UDCs' approach to regeneration, in particular the social ramifications of a property-led private sector driven approach that paid little regard to the needs of local people in terms of jobs and housing (National Audit Office, 1993).

In response to these critiques and to evidence that inner city problems were intensifying, a more inclusive approach to regeneration was proposed under the title "City Challenge" (1992–1998), through which local authorities were given a much larger role in regeneration than was previously the case. Premised on a more holistic, partnership-based approach, City Challenge called on cities to bid for regeneration funding, bringing together public, private and voluntary bodies in a

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<sup>1</sup> For example, the first London Docklands Development Corporation (LDDC) Board was appointed by central government in 1982 and was dominated by private-sector representatives, although it also included three local council leaders, in their personal capacity (LDDC, 1982).

<sup>2</sup> London Docklands and Merseyside in 1981; the Black Country, Cardiff Bay, Teesside, Trafford Park and Tyne & Wear in 1987; Central Manchester, Leeds and Sheffield in 1988; and Bristol in 1989.

partnership approach through a competitive bidding process. Principles of Thatcher's approach were still present, including involvement of the private sector, and the very idea of competitive bidding, but the involvement of different sector partners and in particular, the increased role for local authorities, demonstrated a recognition that Thatcher's UDC approach wasn't appropriate to address the complex economic and social issues of urban deprivation.

A total of 31 City Challenge areas were funded around England over two rounds, with certain success in terms of leveraging private-sector funding. An independent evaluation showed £3.78 of private-sector finance was invested for every £1 of public expenditure (DETR 2000). However, the competitive bidding process was criticised as being potentially divisive, meaning that local groups without experience of partnership working or the capacity to deliver were disadvantaged, despite obvious needs in their areas.

The experience of City Challenge fed into the next major area-based initiative to address urban disadvantage, the "Single Regeneration Budget" (SRB). A total of 1,028 schemes were funded over six rounds from 1994 to 2000, straddling the end of John Major's Conservative administration and the start of New Labour's government from 1997 (Rhodes *et al.* 2007). The SRB built on the approach adopted through City Challenge, reinforcing the integrated approach to tackling regeneration, through partnerships that included local communities as well as public-sector agencies and the private sector. For the first time, voluntary and community associations played a key role in decision-making in the programme, integrated into all aspects, from initial strategic decision-making to choosing projects for funding, through to programme monitoring.

These themes were taken further with Labour's flagship programme to address urban disadvantage, the "New Deal for Communities" (NDC). Local partnerships were set up in a total of 39 areas across England, to encourage community-led programmes. The NDC was evaluated in an independent study by Sheffield Hallam University as being a success on a number of levels, including physical regeneration such as public-realm works and improving the quality of the built environment, job creation, and capacity-building of local people involved in the management and decision-making processes (Batty *et al.* 2010).

This evolution of approaches to urban regeneration in the immediate post-Thatcher years would suggest a diluting of the market imperative that drove the UDC agenda, and a recognition that local authorities and local communities have a valuable role to play in relation to accountability and defining needs. However, a further evolution of the urban regeneration landscape came into being with the advent of the property boom of the 2000s, prompting a so-called "urban renaissance" which demonstrated some very similar characteristics to the property-led regeneration policy of the Thatcher years.

## **Legacy of Thatcher's approach to regeneration**

Looking back over regeneration policies during the last 20 years, we can see that the Thatcherite approach to urban regeneration, as exemplified by the private-sector-led approach, has had a significant impact in tackling urban deprivation, in terms of both process and content.

The UDCs were a product of their time, a combination of the private-sector-led approach championed by Margaret Thatcher, the centralising tendencies of her style of government, together with severe challenges of physical dereliction in Britain's inner cities. There were clearly lessons to be learnt from the successes and failures of this market-led approach, most importantly the need for socio-economic as well as physical regeneration, and these lessons were incorporated into subsequent urban regeneration programmes, namely City Challenge, SRB and the New Deal for Communities. The key lessons included the importance of the role of partnerships, including public and private stakeholders in the governance of regeneration; the key role that local authorities play as accountable long-term stakeholders; and the importance of adopting an integrated approach to

regeneration, including economic, environmental and social aspects, rather than focusing solely on physical regeneration (Deas *et al.* 2000).

However, another aspect of the UDCs' achievements and legacy relates to the context in which regeneration was taking place. The UDCs involved a focused, commercially sensitive and private-sector approach to regeneration, a completely new way of addressing areas that had been abandoned by the market. The legacy of the UDCs was a new-found willingness on the part of the private and public sectors to work collaboratively, which spawned the numerous partnerships that went on to champion urban regeneration programmes in the 1990s. As Deas *et al.* (2000, p. 70) note, the areas concerned are "different places today, not only because of the often dramatic physical renewal within their UDC areas, but because of a wider and more informed interpretation of regeneration that has in part stemmed from the inheritance of their UDC experience."

However, the importance of property-led regeneration came to the fore again during the Labour years (1997–2010) as the accepted *modus operandi* for reviving Britain's inner cities. The property boom of the 2000s fuelled the "urban renaissance" policy discourse that surfaced following the Urban Task Force's report "Towards an Urban Renaissance" (UTF 1999). State encouragement of private-sector investment in city-centre redevelopment, in the name of regeneration, has prompted what some have called "state-led gentrification" in Britain's cities, with almost exclusively the most wealthy living in central parts of London and other large cities (Lees 2003; Colomb 2007). While the requirement to provide social housing in new developments brings a certain "social mixing", the reality of house prices even in the so-called "affordable" sector means that many redevelopments have little in the way of a mixed population.

Indeed, the concept of UDCs was actually resuscitated in the 2000s as a seemingly appropriate mechanism for delivering regeneration in three areas targeted for redevelopment: London Thames Gateway, Thurrock Thames Gateway (just east of London) and West Northamptonshire. Although the new generation of UDCs had broadly similar powers to the old generation, the lessons from the first round of UDCs and the subsequent regeneration programmes of the 1990s influenced the shape of the new UDCs. Thus they were fully expected to work in partnership with local authorities and local communities, as well as being integrated into broader regional and national development strategies (Raco 2005). So while the brash single-minded property focus of the first generation of UDCs was abandoned, the flagship institutional form spearheaded by the Thatcher regime to tackle the "malaise" of the inner cities in the 1980s was resuscitated in a supposedly "benign" form by Labour in the 2000s. However, as with the "urban renaissance" rhetoric, it could be suggested that this legacy of the Thatcher era has also accelerated gentrification in these areas.

More recently, in their sweeping austerity cuts, the coalition government that took power in May 2010 has in fact disbanded the new generation of UDCs in their "bonfire of the quangos"<sup>3</sup>. But the legacy of Thatcher's UDCs is still present, in the enduring appeal of property-led regeneration in a neo-liberal era. Even in the depths of a recession, the private sector is seen as the way forward to lift cities out of economic crisis (Lees 2009). What is clear, however, is that such an approach is still flawed in addressing the deep-seated challenges of social and economic inequality. Social polarisation and deprivation in Britain's cities are still chronic problems, despite decades of regeneration policy. These growing inequalities need to be addressed by an urban policy that tackles the increasing problems of social and economic exclusion that are present in contemporary Britain, through a democratic and locally sensitive planning system.

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<sup>3</sup> Quasi-autonomous non-governmental organisations.

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