

PRIME MINISTER12 October 1984THE URBAN PROGRAMME - MISC 10416 OCTOBER

Three of the five departmental papers before MISC 104 are travelogues. These have only anecdotal value and ought not to preoccupy the meeting.

The other two papers attempt the crunchy questions of what the objectives of the Urban Programme should be, what resources it should have, and how it should be managed. Earlier this year, the UP Review revealed a need and created an opportunity to improve the effectiveness of the UP. What lead do DoE now take? A classic piece of Whitehall at its worst. On the surface, virile language conveying the impression of an earnest search for purpose fortified by consensus; down below, officials' agile minds putting Ministers up to defend departmental corners; valves wide open on the public expenditure pipeline; time rolling by.

First and foremost, MISC 104 must get into decision making mode.

1. Objectives and Priorities

Policy Unit stands by its earlier belief that the highest priorities in inner city improvement should be the rescue of bad housing, land assembly and the relief of dereliction. Work of that kind is quick acting and visible. It is susceptible to precise targets and progress checks. It draws in the private sector. In our view, it should command the lion's share of UP resources.



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The UP review found that some voluntary sector social schemes obtained excellent value from very modest amounts of UP money. Subject to careful sifting of projects, we suggest that a small part - perhaps one fifth - of UP money should be earmarked to help demonstrably good voluntary sector activities.

What the UP does not need is the deadweight of 'economic' (ie largely industrial) expenditure, which accounts for a third of the total. At best, UP money is no more than a thin spread of jam on far larger main programmes: what on earth is the point of squandering some of it on competition with regional industrial aid?

2. Resources

The UP review team found no evidence in support of increasing or decreasing resources. This agnostic verdict is good reason for caution. But now that the difficulties facing Ministers over public expenditure appear so much more severe, the Chief Secretary has a strong case for cutting back. (Why are colleagues so reluctant to spend less? What were they elected to do?)

The underlying rationale for the UP is no stronger than for regional policy. Like regions, inner cities must adjust to market and demographic shifts. UP expenditure should ease the pains of change, not attempt to reverse the process. Patrick Jenkin's papers fail to grasp this point, with the result that the Treasury have much the better of the spending arguments.

If MISC 104 agrees to phase out the industrial component of UP expenditure, the Chief Secretary would achieve roughly the level of savings he seeks, and Patrick Jenkin could keep the rest of the Urban Programme intact. This would be entirely defensible on grounds of better value for money

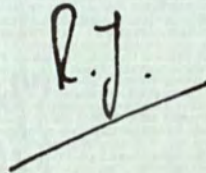


through cutting out wasteful duplication while reinforcing the successful elements of the programme.

3. Management

Sir Robert Armstrong will want you to leave this until the next MISC 104 on 30 October. Meanwhile, DoE are quietly going firm on leaving present departmental and local authority machinery in place. (Paragraph 12 in paper (84) 4 is pure DoEse for playing the organisation issue long). But the present and proposed arrangements depend on cooperation, and departments are not good at cooperation when it involves the surrender of budgets; local authorities are often downright bad at delivering.

Like Robin Ibbs, we still see merit in exploring the Executive Agency proposal. MISC 104 on 16 October should not close that option off by default.

A handwritten signature in black ink, consisting of the initials 'R.J.' followed by a horizontal line extending to the right.

ROBERT YOUNG