



Ref. A086/3236

MR WICKS

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*Letter at flap*

The Prime Minister asked me to consider the Department of Trade and Industry's report on what went wrong with the preparation of the United Kingdom Regional Development Programme submitted to the European Commission on 25 July 1986 and the way in which it was made public.

2. I attach a report by the Department of Trade and Industry, which I have discussed with Sir Brian Hayes. It is clear that those involved in the preparation of the programme concentrated on its (admittedly main) purpose of making a case for support from the European Community Regional Development Fund (RDF). They were aware that it would in due course become public in this country; but not all the Departments concerned did enough to make sure that the document was read with that in mind.

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3. This was the third programme of its kind. The first version of the previous programme - that for 1982-86 - was criticised by the European Commission as not having enough detail about the problems of the regions and in particular as lacking job-deficiency forecasts. The preparation of the programme involved the Industrial Development Division (IDD) of the Department of Trade and Industry (DTI) collecting, compiling and collating contributions for other divisions of the DTI and from nine other Departments, many of who themselves consulted and invited contributions from local and other public authorities.

4. Both in the DTI and in other Departments this was regarded as essentially a fairly humdrum task of compilation, and the levels at which the work was carried on were accordingly

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relatively junior. Only two of the Departments which were invited to contribute cleared their contributions at Ministerial level.

5. The Minister of State responsible at the DTI (then Mr Peter Morrison) was made aware of the programme but was not invited to read its 1500 pages or the summary (itself 174 pages). His attention was, however, drawn to the possibility of embarrassment from the publication of quantified forecasts of job deficits in each region, and he wrote accordingly to the Secretary of State for Employment, asking him to authorise his officials to supply the forecasts and drawing his attention to the extent to which the programme would be disseminated outside Government and the European Commission. The Secretary of State for Employment replied, saying that he had asked his officials to provide the necessary information. That correspondence was copied to the Prime Minister, other members of E(A), the territorial Ministers, and me. An Assistant Secretary (Grade 5) in the DTI made a submission to the Minister of State on 5 September, with proposals for making copies of the programme available to the Libraries of both Houses and (on request) to local authorities who had contributed to it. The submission did not draw attention to the political sensitivity of some of the material in the programme. The submission was approved by the Minister of State (by now Mr Giles Shaw) on 26 September.

6. I agree with the DTI's analysis, in paragraph 14 of the attached report, of the weaknesses which contributed to the embarrassment which resulted. I draw five main conclusions:

i. Material which is to be published by a Department should be approved by a Minister before it is sent for publication.

ii. Where a document is (as this one was) a compilation of material from different Departments, each Department should





obtain Ministerial approval for its material before sending it forward to the editing Department.

iii. That does not absolve the editing Department from obtaining Ministerial clearance for the document as a whole.

iv. Before material which is to be published is submitted to a Minister for clearance, it should be scrutinised for its political sensitivity (as well as for accuracy, comprehensiveness, clarity and so on) and the Minister's attention should be specifically drawn to any matters which seem likely to be politically sensitive or difficult. This scrutiny needs to be undertaken at a suitably senior level.

v. That does not absolve the Minister from scrutinising the material for himself (or herself) for its political sensitivity, before giving approval for its publication.

7. If the Prime Minister agrees, she may like to issue a minute on the lines of the draft attached. Since this in effect contains instructions to Ministers as well as instructions to officials, I think it would be as well if this issued as a Prime Minister's Personal Minute.

8. So much for the problem of political embarrassment. This matter also raises deeper issues of management. Does the maximisation of support from the RDF (obviously in itself a good cause) really require such a massive and time-consuming bureaucratic exercise? This looks like one bureaucratic machine generating paper for another to chew without sufficient consideration of "value for money" on either side. I am arranging for this matter to be separately pursued. I am putting in hand an examination of the matter within the British Government; and if (as I suspect) it is concluded that the exercise took the scale it did because of the need to meet what



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were seen as the requirements of the European Commission, I would propose to take the matter up with the Director General of the Commission.

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ROBERT ARMSTRONG

11 November 1986

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DRAFT MINUTE FROM THE PRIME MINISTER TO THE  
SECRETARY OF STATE FOR TRADE AND INDUSTRY

At Cabinet on 23 October 1986 (CC(86) 34th Conclusions, Minute 2) we had some discussion about the difficulties created for the Government by the publication of the United Kingdom Regional Development Programme submitted to the European Commission on 25 July 1986.

2. I have had a ~~full~~ report of the process of preparation of this programme and the way in which it was made public. It is clear that those involved in the preparation of the programme concentrated on its main purpose of making a case for support from the European Commission Regional Development Fund, and that only two of the ten Departments concerned took steps to make sure that the document was read with an eye to the fact that it was in due course likely to become public in this country. ~~Part of the problem was that so many Departments were involved and that the material was so voluminous that, by the time it was all put together, it had become an extremely indigestible~~  
lump.



3. From the report I have drawn certain general conclusions as to the handling by Departments of material for publication. <sup>E</sup> The conclusions are as follows:

i. Material which is to be published by a Department should be approved by a Minister before it is sent for publication.

ii. Where a document is (as this one was) a compilation of material from different Departments, <sup>as</sup> each Department should obtain Ministerial approval for its material before sending it forward to the editing Department.

iii. That does not absolve the editing Department from obtaining Ministerial clearance for the document as a whole.

iv. Before material which is to be published is submitted to a Minister for clearance, it should be scrutinised for its political sensitivity (as well as for accuracy, comprehensiveness, clarity and so on) and the Minister's attention should be specifically drawn to any matters which seem likely to be



politically sensitive or difficult. This scrutiny needs to be undertaken at a suitably senior level.

v. That does not absolve the Minister from scrutinising the material for himself (or herself) for its political sensitivity, before giving approval for its publication.

4. I suggest that the practice in every Department should conform with these conclusions.

5. There is a further and deeper question as to whether it was necessary to justifiably commit so much time and effort to the preparation of this programme for submission to the European Commission. I have asked the Head of the Home Civil Service to consider and advise whether the maximisation of support from the Regional Development Fund really required such a massive and time-consuming bureaucratic exercise. If the answer is that that was what was needed to satisfy the requirements of the European Commission, it may suggest that there are some questions to be asked of the Commission.



6. I am sending copies of this minute to all Ministers in charge of Departments and the Head of the Home Civil Service.





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## THE UK REGIONAL DEVELOPMENT PROGRAMME

### Introduction

1. This note describes the preparation of the UK Regional Development Programme submitted to the European Commission on 25 July 1986 and the way in which it was made public; identifies the weaknesses in that procedure; and makes recommendations.

### The European Development Fund

2. The European Development Fund is one of the Community's three structural Funds (the others being the Agricultural and Social Funds). It provides money in support of regional industrial or infrastructure projects in member states, within quota ranges for Fund support established for each member state. In order to attract at least the minimum (bottom of the range) support from the Fund, it is necessary to submit enough qualifying projects. In order to qualify for assistance from the Fund, projects have to be consistent with a five-year Regional Development Programme approved by the European Regional Development Policy Committee (of member states) and by the European Commission.

3. Applications in respect of industrial projects are submitted by DTI and relate to the Department's regional industrial assistance schemes. Applications for infrastructure projects are put together by the local authority or other public body concerned, in conjunction with the Department of the Environment. They are then submitted to the Commission by DTI. Assistance by the Fund usually covers 50 per cent of the grant paid in respect of an industrial project. The money is retained by the Exchequer. Grants for infrastructure represent 30-50 per cent of the eligible capital expenditure. This money is passed to the local authority or public body concerned which, however, remain subject to their existing capital ceilings or EFLs. It is in the UK's interest to maximise these receipts, even though they represent, on reasonable assumptions, a gain of only 33 per cent of the money received from the Fund (because of the operation of the corrective mechanism relating to the UK's net contribution to the Community budget as a whole).





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4. It is therefore in the UK's interest to submit a Regional Development Programme which serves as a convincing cover for subsequent applications in respect of projects. In order to maximise the aid they can attract, member states need to stress their regional problems; all do so. If the UK did not submit a Regional Development Programme it would get no support from the Fund. If it did not submit a convincing programme which fully satisfied the Commissioner it would get less support than if it did. The UK has been relatively successful in attracting support. Quota commitments from the Fund to the UK in 1985 were 585 MECU (£345m) and payments 458 MECU (£257m).

5. The form of the programme and its contents are largely determined by requirements in the main regulation governing the Fund (1787/84). These have the effect that quantified forecasts have to be given of job deficits in each region for the years to which the programme relates.

6. Earlier UK Regional Development Programmes related to the periods 1978-1980 and 1982-1986. That for 1982-1986 was originally drafted in respect of 1981-1985. In its original version it was criticised by the Commission for not containing sufficient detail about the problems of the regions and for not having any job deficiency forecasts. In assembling the Programme for 1986-1990 efforts were made to forestall such criticisms.

Preparation of the Programme

7. The Programme for 1986/1990 was requested by the Commission by the end of the 1985/86 financial year. In October 1985 the Grade 7 officer responsible for the Programme's preparation in Industrial Development Division of the Department of Trade and Industry commissioned contributions from within DTI and from the Departments of Employment, Environment and Energy, and from the Ministry of Agriculture Fisheries and Food, the Treasury, the Management and Personnel Office and the Scottish, Welsh and Northern Ireland Offices. He sent them a copy of the overview of the previous Programme (1982-1986), asking them to update this and describe any new measures adopted since the previous Regional Development Programme in support of regional and industrial policies.

8. The Departments concerned consulted outside bodies as necessary. DOE and the Welsh and Scottish Offices invited local and other public authorities to describe particular problems in regard to the infrastructure for which they were responsible, and to outline remedial measures currently





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being undertaken or planned in order to overcome these difficulties, with an indication of the likely cost. These Departments, and the Northern Ireland Office, forwarded contributions to the DTI, which collated the regional profiles they provided and in the case of the overview added its own contribution. At the Commission's request the DTI prepared a summary of the Programme, clearing it and the overview with other Departments. The Programme as a whole was sent to the Commission on 25 July 1986.

9. Like DTI, the Department of the Environment and the three territorial Departments were aware that the Programme, like that for 1982-1986, would eventually pass into the public domain by being placed in the Libraries of both Houses of Parliament. The Welsh and Northern Ireland Offices cleared their contributions at Ministerial level. The other Departments cleared contributions only at official level.

10. Within DTI, the Minister of State responsible was made aware of the Programme but was not invited to read its 1502 pages, or even the summary of 174 pages. His attention was however drawn specifically to the possibility of embarrassment from the publication of the "quantified forecasts of job deficits in each region" requested by the Commission and appearing in the overview. As a result, he wrote on 6 March 1986 to the Secretary of State for Employment, asking him to authorise his officials to supply forecasts covering the period 1986-1990, and drawing his attention to the fact that this information would come into the public domain, as a complete copy of the Regional Development Programme would be placed in the House of Commons Library, copies would be sent to local authority associations, and copies would be made available on request, once the Programme had secured a favourable opinion from the Regional Policy Committee of the Commission, to MEPs and to universities and similar bodies. Copies of this letter were sent to the Prime Minister, all members of E(A), the Secretaries of State for Foreign and Commonwealth Affairs, the Environment, Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong. The Secretary of State for Employment replied on 7 May 1986, saying that he had asked his officials to provide the necessary information, prepared on the same basis as in 1982 and with that basis made clear in an annex.

11. The cost of compiling the Programme is put at about £60,000 - a very rough estimate covering all Departments and possibly somewhat conservative. The 1986-1990 Programme is very similar in scale and content to that of 1982-1986: 1502 pages including a summary of 174 pages, compared with 1200 pages last time, when no summary was produced.





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### Publication of the Programme

12. On 5 September the Grade 5 officer in charge of the Branch responsible made a submission, which had been seen in draft by the Department of the Environment and the territorial Departments, proposing that pressure from the Commission for further information about priorities should be resisted; that local and public authorities which had contributed to the preparation of the Programme should be given a copy, on request, of the section to which they had contributed; that copies of the final version of the Programme (ie as ultimately approved by the Commission) should be placed in the Libraries of both Houses of Parliament; and that copies of the version submitted to the Commission should be placed in the Libraries earlier if Parliamentary pressure developed. The Minister of State concerned (Mr Morrison) left the Department before being able to consider this submission. His successor (Mr Shaw) approved the submission and asked, on 23 September, that copies of the draft Programme and summary should be placed in the Libraries of both Houses as soon as possible, and that a copy should be sent to Mr Gordon Brown MP in view of the interest he had shown in the subject. The submission did not draw the Minister's attention to the political sensitivity of some of the material in the Programme, describing it as lengthy, repetitive and bureaucratic.

13. The Programme was deposited in the Libraries of both Houses on 7 October and a copy was sent on 1 October to Mr Gordon Brown MP. No notification of this timing was given to the other Departments concerned.

### Weaknesses of this Procedure

14. Five main weaknesses contributed to the embarrassment caused by this procedure:

- i. It was assumed, wrongly, that a procedure which had been followed satisfactorily in preparing the 1982-1986 Programme could safely be followed again;
- ii. It may not have been sufficiently appreciated that the greater involvement of local authorities presented political risks which called for more careful editing of the regional profiles;

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- iii. The division of responsibility between DTI and the Departments contributing sections of the Programme left no one clearly responsible for vetting the report as a whole for political sensitivity. DTI relied on DOE clearance of the material which that Department supplied; it was not therefore read in full in DTI, above the level of HEO;
- iv. The bulk of the material was not submitted for Ministerial approval;
- v. No notification was given to Departments of the timetable for publication, which it was assumed (wrongly) would attract as little attention as in 1982.

How should the Programme be handled in future?

15. It is recommended that when the next Regional Development Programme is prepared, the following steps should be taken:

- i. In commissioning contributions to the Programme, DTI should emphasise the fact that this material will pass into the public domain;
- ii. DTI should ask contributing Departments to clear their contributions at Ministerial level and to confirm, in submitting them, that they had done so;
- iii. Responsibility for the content of contributions should rest, and be seen to rest, with the Departments contributing them. DTI should however examine all contributions critically and take up queries or criticisms with the contributing Department;
- iv. The publication of the Programme, its timing and presentation should be the subject of full consultation between Departments and decisions on these points should be cleared with all Departments at Ministerial level.

Department of Trade and Industry  
30 October 1986

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