

CCBE



not at this stage.

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The Rt Hon John MacGregor OBE MP
Chief Secretary
HM Treasury
Great George Street
LONDON SW1

Prime Minister 2

8 April 1987

I have flagged
the page which has the
list of the 8 new areas.

John

DRS
9/4.

ms

THE INNER CITIES INITIATIVE

I have been greatly encouraged at the progress made by our eight inner city task forces since we announced the Inner Cities Initiative in February last year. Working in some of our most difficult areas, and calling on the resources of a number of Government programmes, the task forces have made inroads into the problems of employability, motivation, skills and enterprise which slow down the ability of inner city residents to share in Britain's economic revival.

The degree of progress persuades the Paymaster General and me that we would gain from extending the Initiative into a further eight areas. A memorandum attached to this letter sets out the arguments. In addition, I think it is time that we acknowledged the work done by the inter-departmental City Action Teams since we set them up in April 1985. Recognising my own responsibility as Chairman of MISC 116, to which CATs report, I propose to allocate each of the Teams resources in 1987/88 from within my Department's public expenditure provision.

The extra resources required for 1987/88 are £10m inclusive of £0.7m for running costs. We propose funding this by switching £5m from the full time JRS provision, which should be possible in the light of the latest forecasting group estimate and £5m from YTS. It is important, because of pressures elsewhere, that the DE Group 1.4.88 manpower control figure be increased by 50 to enable us adequately to staff up the new 8 task forces and the gross running costs limits raised by £0.7m. For 1988/89, when the expanded Initiative is running at its full extent, I will accommodate the £21m expenditure on the Initiative and the CATs (compared with the present baseline provision of £9m) by switching from programme expenditure elsewhere within my existing provision.

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Expansion of the Inner Cities Initiative and the heightened role for City Action Teams represents a further step forward in our collective urban policies, and it is important that the Government presents its achievements positively and with commitment. To this end, Kenneth Clarke and John Patten have been working together for some time now to prepare a booklet and a presentation (modelled on the successful Action For Jobs series) which illustrates the joint approach of the Department of Employment and Department of Environment to Action for the Cities. It is proposed that they will give the inaugural presentation, in what is intended to be a series at a venue in London on 28 April. This will also be the occasion to announce publicly the further eight inner city Task Forces and the enhanced resources for City Action Teams. I am therefore looking to early clearance of my current proposals so that we can bring everything together in time for this occasion.

Copies of this letter are being sent to the Prime Minister, Members of E(A) and H Committees and Sir Robert Armstrong.

John Patten

CONFIDENTIAL

EXPANDING THE INNER CITIES INITIATIVE AND BUILDING ON THE SUCCESS OF CITY ACTION TEAMS

MEMORANDUM BY THE SECRETARY OF STATE FOR EMPLOYMENT

In February last year, the Paymaster General and I announced the Inner Cities Initiative, designed to target existing sources of Government help more firmly on certain inner city areas, and to promote more specific activity to stimulate local enterprise, training and the employability of residents. We set up eight inner city Task Forces reporting to the Paymaster General and a group of Ministers from key Departments.

The Initiative has now been running for over a year. There have been significant results in terms of targetting Government spending programmes on the eight areas in question. In particular the employment, training and enterprise programmes of my Department and the Manpower Services Commission have served as the basis of experimental work. We have promoted new local activities with the accent firmly on jobs, using the Initiative's own budget. Our Task Forces now have a well established presence in their inner city areas and have contributed materially to the public perception of what we are doing to tackle the problems of these difficult localities. They have also played a full part in promoting the various programmes operated by Departments, alongside the particular local projects with which they have become identified.

The Paymaster General has discussed the performance and progress of the Initiative with his colleagues on the Ministerial Group. He and I feel it would now be right to expand our present efforts into a further eight areas. I did indeed consider whether the Initiative should at this point become a formal programme but decided against it. We are still at an experimental stage in which we need to apply the formula to further areas of need. I also value the strong inter-departmental flavour which we have and which greatly improves the presentation of our inner city policies.

Before I pass on to my particular proposals, it may be helpful if I address some of the key ways in which the Initiative has so far addressed its aim of encouraging jobs, stimulating enterprise, improving the employability of inner city residents, and meeting various community objectives including a reduction in the level, and fear of, crime.

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First, I am of the strong opinion that the Initiative has demonstrated the value of targetting Government programmes more accurately on particular geographical areas and specific population groups: and of direct Government action where necessary, rather than being bound to the intermediation of local government.

So far as my own Department is concerned, we have agreed with the Manpower Services Commission that inner cities should be priority areas for targetting the Commission's resources. This is reflected in the MSC Corporate Plan which will be appearing shortly. The Commission has made more places available in the inner city, particularly under the Community Programme, and has also worked to improve the delivery of its programmes through, for example, the appointment of inner city outreach officers. Particular efforts are being made to address the needs of ethnic minorities. The Commission has signed a major contract with Project Fullemploy to develop its programmes towards those needs and I know that the Home Office is also providing major support. With the support of resources from the Initiative, particular MSC programmes are being developed and piloted - for example, the private sector management of Community Programme schemes which, I believe, will lead to a much better quality of provision and improved chances of subsequent employment; and the CP Enterprise Projects in which people on the Community Programme are helped to transfer the knowledge and skills they have gained on the programme into self-employment. So the Initiative has had a direct influence on the pattern of provision by my Department as well as helping to stimulate some useful pilot developments.

Other Departments, particularly DOE and the Home Office of course, are active in the inner city and have also targetted their programmes in that direction. The Initiative has provided a framework for their action and has helped them, and us, to highlight cross-cutting inter-departmental objectives in our various programmes. One example is the way in which Government money spent on a primarily environmental focus can be used to improve employment and training provision. I have in mind the scheme in Handsworth where DOE is paying for refurbishment work on a street of houses and my Department is supporting linked employment and training programmes. Then there is our joint support with the Home Office of the various black enterprise agencies which are of key importance in encouraging local enterprise and the current development of an outreach capacity towards ethnic businesses amongst conventional local

enterprise agencies. Our work on crime prevention in association with NACRO and using the Community Programme enables us to do socially and environmentally useful work whilst also providing more local jobs.

We have also, of course, made it our firm aim to engage the support, and particularly the financial commitment, of the private sector. Intensive work by the Central Unit of the Initiative over the past year has resulted in private sector secondees to the Task Forces and to the Central Unit itself being brought forward. Task Forces are working with Business in the Community and Chambers of Commerce as well as national firms and firms in their areas to promote particular programmes and projects, and I account it a major success that we have managed to win the support of some of our major banks to back Task Force Development Funds. Barclays and the Midland have undertaken to capitalise loan funds making credit available at low cost to small firms in three Task Force areas. The National Westminster is making commercial loans linked to Task Force advice and grants and is considering whether to capitalise a low interest fund in two further areas. The Yorkshire Bank has undertaken to provide low cost loans without limit in the Leeds Task Force area.

We are also working to develop pre-recruitment training programmes where a local source of new employment is in prospect - for example the new Copthorne Hotel in Birmingham. This kind of work ensures that Government help is targetted precisely to the needs of local employers, and reflects the real chances of local people in getting jobs. We have also won the support of the insurance industry to help us tackle the problems which some inner city businesses face in obtaining cover at affordable rates.

Then there are the many individual projects themselves. To date the Initiative centrally or locally, has committed £4.9m to 100 projects, details of which have been readily available to officials of all Departments. These projects have addressed different aims of the Initiative. Not all are capable of quantifiable outputs. Those that are form the subject of an Annex to this memorandum. It looks at what we have done in terms of private and public sector leverage, businesses supported and jobs and new training places created. I will be asking the new Task Forces to achieve, in terms of quantifiable outputs in their first year, no less a performance than has been attained by the first eight. In addition, I will set targets for the existing task forces which reflect the experience we have gained, and the resources which will be made available to them in 1987/88.

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Each Task Force, as you know, is required to draw up an Action Plan which comes before the Paymaster General's Ministerial Group for scrutiny and approval. The Group attaches importance to quantifiable and non-quantifiable but identifiable indicators of performance.

Equally important as the numerical outputs, promising as I think they are, is the way in which the Task Force Leaders - drawn from DTI and DOE as well as DE and MSC - have been able to change some of the attitudes and behaviour which are a block to progress in some areas.

In this respect, the clear independence of the Task Forces from local authorities, and their standing as agencies of direct action by the Government, has helped to draw a distinction between the Initiative and the work of the Urban Programme channelled through district and county councils.

Some of the Task Force successes include:

- (i) bringing into play groups which do not slot into the municipal paternalism of many local authorities, such as the Asian businessmen of Birmingham and Leicester and the council tenants of Peckham and Moss Side (fed up of being taken for granted politically by the Council);
- (ii) putting employment, training and enterprise on the agenda of the powerful voluntary sector in many inner city areas. To their surprise, many organisations have found it not only easy but stimulating to switch to the more focussed agenda which the Task Forces have introduced;
- (iii) remotivating residents to believe that they can have a stake in the economy of their city if they assist themselves to be helped into training, skill enhancement and job seeking;
- (iv) persuading employers either individually or through Chambers of Commerce to drop some of their inhibitions about recruiting young people from deprived inner city backgrounds into the good employer-led Youth Training Scheme projects and encouraging them to participate in targetted employment drives.

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I believe all this adds up to a good record of achievement and one that calls for further action now if the momentum we have generated is to be sustained. I do not think we could at this stage prove, one way or the other, either complete complementarity or overlap between the Initiative and other programmes, such as the Urban Programme. Nor do I believe that this should be at the forefront of our minds. What is important is that we have a setting in which direct experiment by Government is possible and we should seek to obtain full value from that advantage, and from the effort and resources we have committed so far.

I therefore propose to announce the extension of the Inner Cities Initiative to cover 16 task forces - eight more than now. Together with additional funding for the City Action Teams which I mention below, this will add up to a major restatement of the Government's commitment to stimulating enterprise and tackling the employment and training needs of people in some of our worst inner city areas. The areas I propose for the new Task Forces (information about them is given in the table) are in Coventry (Foleshill), Doncaster, Hartlepool, Nottingham (Hyson Green), Rochdale, Preston, Wolverhampton and Tower Hamlets (Spitalfields). The problems they face are no less severe as those in our present areas, but the prospects of moving ahead in them rapidly are promising. Soundings by officials indicate generally positive attitudes by the local authorities in whose areas we would be working - and that is clearly important if concerted action is to produce results sooner rather than later. It is always difficult to be selective in an exercise such as this, but since we are still involved in what is essentially a pilot, it is more important to be able to justify each small area individually than to claim that the areas in aggregate address the urban problem in general.

These areas have the broad agreement of the Ministerial Group although the discussions in the Group inevitably threw up divergences of opinion. They offer a good regional spread and tackle the most obvious inner city candidates while also securing representation for some less headline-grabbing areas. It could always be argued that the case for expansion would be strengthened if more evaluative material were available. My view, and that of the Paymaster General, is that we have sufficient evidence to show that we are moving in the right direction. There is everything to be gained by sustaining our forward momentum rather than wait up to a year for a full evaluation of the original task forces. Together the 16 areas currently proposed will cover about 0.5m people and we will be working with a large sample of the country's most

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difficult urban problem areas. I would propose, when announcing the new Task Forces, to confirm the life of the Initiative for up to two further years from now. We do not contemplate a permanent life for any of the Task Forces and will expect to close at least 2 of the existing eight in the course of the next two years, as their usefulness expires.

I also have proposals to consolidate and enhance the work of the City Action Teams which we set up two years ago and which report to MISC 116. The Teams were set up to press home the Government's urban policy objectives in the Inner City Partnership areas and to provide a focus for joint working. CAT Leaders are drawn in different locations from the Regional Directors of my own Department or from DTI and DOE. I have been impressed in MISC 116 by the sensible way in which the Teams have approached their task and the positive impulse which CATs have given to the economic regeneration of their areas.

Last May, we gave £1m to the Newcastle/Gateshead CAT as part of the shipbuilding redundancies package. The City Action Team promptly devised a clear plan to develop the infrastructure of support for small and growing business enterprises, with particular reference to areas worst hit by the redundancies. The twelve projects which have been targetted by the City Action Team not only reflect their business infrastructure objective but also showed clearly an appreciation of the need for money to be spent in coordination with other sources of Government help, and as part of a leverage of private sector resources. A detailed evaluation has been commissioned by MISC 116, but it is already evident that the distinctive contribution of the CAT was to set a theme and selectively accelerate the achievement of projects which addressed that theme and needed complex multiple funding.

I believe that the experience of the Newcastle/Gateshead City Action Team has shown the value of a coherent strategy based on an agenda set collectively by the Regional Directors of Departments, rather than the local authorities who normally make the pace; of using funding to accelerate progress in areas identified as crucial to the strategy; of exploiting the flexibility which can be gained by working at the margin around the constraints of annual departmental programmes; and of the impetus to genuine collaboration and priority setting which the existence of a specifically hypothecated fund can bring. Networking between the CATs and Central Unit, and between the Teams in different cities, is helping to spread the strong lessons of the Newcastle experience.

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For these reasons, I wish to emphasise my faith in and support for the work of the City Action Teams by allocating £1m to each of the five in 1987/88 from within my Department's public expenditure provision. In doing so, I would:

- (i) require from each City Action Team a plan setting out their expenditure proposals within a clear strategic framework and an indication of expected outputs in 1987/88;
- (ii) reserve to the Paymaster General or myself specific approval of the initial Action Plans and any further project proposals;
- (iii) require reports from the CATs on how they have used the funds, including evaluation of their effectiveness, such reports to fit into the reporting framework which we already have for MISC 116. I shall provide a central evaluation of this by the summer of 1988.

You will expect me to make adequate arrangements for monitoring and evaluation of the expanded Inner Cities Initiative and of the City Action Teams' funds. An internal monitoring system for projects is already in place, covering input and output measures and performance indicators; these are modelled on the Urban Programme system used by DOE and should be pretty much comparable. In addition, we have retained consultants to carry out an external evaluation of the way in which the Initiative is being conducted. This lays less emphasis on quantification - which our own internal system can provide - than on testing out our effectiveness in reaching to the areas client groups and issues which we are intending to do.

My officials have been in touch with yours and with Nicholas Ridley's on a number of occasions to explain how we are taking all this forward. I understand that it is the view of Treasury officials that, given the size and scope for adjustment within DE Group, they see no grounds for increases in the manpower control figure and gross running costs limit for my Department. Given existing pressures elsewhere in the DE Group I cannot accept this but would want to pursue the point in the context of our normal discussions.

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EIGHT NEW TASK FORCES - PROPOSED LOCATIONS AND ESSENTIAL FACTS

<u>Region</u>	<u>District</u>	<u>Wards</u>	<u>Pop</u>	<u>Ethnic %</u>	<u>Local Unemp %</u>	<u>Local Youth Unemp %</u>
London	Tower Hamlets	Spitalfields St Mary's Weavers	20,860	42.0	29.0	31.2
West Midlands	Wolverhampton	Blakenhall Eastfield Graiseley St Peter's	48,831	38.3	27.4	44.1
	Coventry	Foleshill St Michael's	33,987	37.6	30.7	47.0
East Midlands	Nottingham	Forest Lenton Radford	25,106	25.4	39.1	54.9
Yorks & Humberside	Doncaster	Central Town Field Wheatley	35,899	5.3	22.9	36.4
North West	Rochdale	Brinrod Central & Falinge Stonebridge	33,179	20.2	22.5	31.9
	Preston	Avenham Central Park St Matthew's	23,833	25.1	26.8	36.9
North	Hartlepool	Dyke House Jackson Stranton	19,785	0.8	28.6	42.1

AT A GLANCE COMPARISON

	<u>"OLD"</u>	<u>AVERAGE</u>	<u>"NEW"</u>
Population	33,000		30,000
Unemployed %	30.3		28.4
Youth unemployed %	43.4		40.6
Ethnic minority %	30.4		24.3

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6 New training places The work of ICI has facilitated a large number of Community Programme projects and wider training opportunities. Over 910 CP places, 65 YTS places and around 1200 other training places have been facilitated (not created) by the Initiative.

7 Breakdown of spend Of the about £4m of ICI spend on the 95 projects assessed, a rough allotment of spend by primary aim is:

	%
a. Provide jobs	15
b. Encourage enterprise	25
c. Improve employability	55
d. Community improvement	5

Many of the projects meet more than one aim.



cc: Bgh

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

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The Rt Hon Lord Young of Graffham
Secretary of State for Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

NRBM 28 April 1987

Dear David,

INNER CITIES INITIATIVE

Thank you for sending me a copy of your letter of 8 April to John MacGregor. *attch*

I note that the pilot Inner Cities Initiative, already in progress in 8 locations in England, is being extended to a further 8 areas, and that additional funding is being found for the 5 City Action Teams.

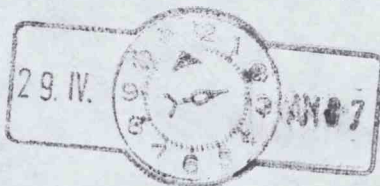
In view of our agreement last March, after the setting up of the original 8 Inner City Task Forces, I hope you will bear in mind that once the results of your formal evaluation of the pilot initiative are known, we would wish to consider the implications for Scotland. As you know, I remain concerned that the funds being diverted to these initiatives from GB programmes should not adversely affect the application of existing measures in Scotland and I would appreciate it if our officials could keep in close touch on developments.

I am sending a copy of this letter to the Prime Minister, members of E(A) and H Committees, and to Sir Robert Armstrong.

Yours ever,
Malcolm Rifkind

MALCOLM RIFKIND

REGIONAL POL: Unner Citas PT9



CCBG



Treasury Chambers, Parliament Street, SW1P 3AG

C A Capella Esq
Private Secretary to the Paymaster General
Department of Employment
Caxton House
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London
SW1H 9NF

27 April 1987

Dear Chris,

NBB

EXPANSION OF THE INNER CITIES INITIATIVE

FILE ON 31/4/87

I am replying to the Paymaster General's letter of 23 April to the Chief Secretary.

Although the Paymaster General's letter does not say so explicitly, the Chief Secretary assumes the Paymaster General accepts the conditions under which the Chief Secretary agreed to the expansion of the Task Forces, set out in the second and third paragraphs of this letter of 23 April.

On that basis the Chief Secretary is content with the Paymaster General's proposed announcement, subject to one point.

At the end of the paragraph at the top of page 3 of the proposed announcement, the Chief Secretary would like added a sentence on the following lines:-

"The Government will continue to monitor the work of the Task Forces closely, so as to evaluate their success in urban regeneration."

The Chief Secretary notes the Paymaster General's position on funding. The Chief Secretary's position on running costs, as on funding, remains as set out in his letter of 23 April.

REGIONAL POLICY

GENERAL CIRCULARS

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PT 9

The Secretary of State for Wales' letter of 24 April expresses concern at the handling of this proposal and his officials may wish to follow up with your department the issue of consultation on MSC programmes, but as neither the Task Forces nor YTS are comparable programmes the Chief Secretary sees no justification for a consequential increase in Welsh Office provision.

I am copying this letter to the Private Secretaries to the Prime Minister, the Chief Whip, to members of E(A) and H Committees and to Sir Robert Armstrong.

Yours,

Jill Rutter

JILL RUTTER
Private Secretary



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STATEMENT ON THE INNER CITIES INITIATIVE

NEA

With permission, Mr Speaker, I would like to make a statement on the Inner Cities Initiative and the City Action Teams.

In February last year I announced the setting up of the new Inner Cities Initiative in England. Its aim was to improve the targetting, and increase the benefit to local people, of the money channelled through existing central Government programmes in 8 small inner city areas. We gave it a modest top-up budget to test out new approaches to local problems, and in particular those designed to improve training and increase the opportunities for employment and self-employment for local people. Task Forces were set up in shop-front offices in each of the eight areas to coordinate Government action and to make better use of the large amounts of public money already being spent there. They were also given the job of working with the private sector, local authorities, voluntary groups and the residents themselves in developing local solutions to local problems.

The Inner Cities Initiative was set up as an experimental programme. In a short time it has already shown what can be achieved by a common partnership of effort between the public and private sector with the active involvement of local people. Five different Government Departments have been involved in this work and I am also very grateful for the way in which the Manpower Services Commission has supported the Initiative by giving the inner cities higher priority in

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the targetting of its programmes. The Initiative has demonstrated how the Government, by operating at a local level, can give a lead by pulling together the efforts of all those who are involved in our inner cities.

The Initiative has now been running for over a year. There have been significant and positive results. Our eight Task Forces have put themselves firmly on the local map. The Task Forces have shown that new ideas and a fresh approach are just as important as money in releasing the enormous fund of energy and ideas that local people have available to tackle their own problems. We said from the outset that any lessons learned from our eight small areas would be applied more widely to other inner city districts.

The results so far are so encouraging that I have now decided to expand the coverage of the Initiative to other towns and cities, while retaining its experimental and informal nature. I have therefore decided to set up a further eight Task Forces on the same basis as the original eight. They will be located in parts of Coventry, Doncaster, Hartlepool, Nottingham, Rochdale, Preston, Wolverhampton and the London Borough of Tower Hamlets.

The extra funds available to all the Task Forces to top up other programmes and to support new ideas will be increased to

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£14m for 1987-88. Experience shows that the availability of this top-up money will enable all the Task Forces to develop programmes of action to help achieve the goals of the Initiative, particularly in employment and enterprise. The approach works best where there is a partnership of effort. We will be looking to work with local people, local authorities and local industry and commerce to achieve that partnership.

I also propose to carry forward the work of the five City Action Teams which we set up two years ago. These Teams consist of the Regional Directors of the Department of the Environment, Department of Trade and Industry and the MSC in each of the cities. They dispose of large budgets which they seek to co-ordinate more closely and we did not originally expect them to need CAT budgets as a Team. However last May we gave £1m to the Newcastle/Gateshead Team as part of a package of measures to relieve the effects in the North East of the shipbuilding redundancies. The City Action Team used this sum very effectively to plug gaps in their ability to support services for local business and training in new technology. Their achievements demonstrate that the City Action Teams have an important part to play in accelerating progress in areas crucial to the regeneration of our inner cities and in attracting private sector support for worthwhile projects. Accordingly I will be making £1m available to each of the five City Action Teams in 1987/88 to be spent on the

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basis of a clear strategy that each Team will be asked to prepare for local action.

The additional resources required for the expanded Inner Cities Initiative and for the City Action Teams - an extra £10m in 1987/88 - will be found from within my Department's existing provision, and because we are committed to full value for money for Government spending we will continue to monitor and evaluate the contribution which these measures are making to urban regeneration.

One of the aims of our Inner Cities Initiative has been to pool the efforts and resources of all Government Departments with a responsibility for our cities. As part of that concerted approach, my Hon friend the Minister for Housing, Urban Affairs and Construction and I will be making a joint Action for Cities presentation tomorrow morning in London's Docklands. This will be the first of a series of presentations across the country aimed at the business community, the voluntary sector and other opinion formers in our inner cities, to increase their involvement with Government efforts to make our cities better, safer and more attractive places in which to live and do business.

The drive to help our inner cities is a key priority for this Government. It reflects our determination that all our people, wherever they live, North, Midlands or South, should

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have the opportunity to share in this country's growing economic success. It reflects our belief in the younger generation, including those young people growing up in our multi-racial inner cities, and our determination to improve their prospects. We have always made substantial resources available. What we are now doing is targeting those resources better to ensure that it is the people who live in our inner cities who benefit from our efforts. It is those inner city residents who this initiative is designed to help. To help them acquire new skills so that they can compete on equal terms for the opportunities which are increasingly becoming available. To help them overcome the problems they face in setting up in business on their own account. And to help make our inner cities the kind of place where people want to live and where businesses want to invest. Today's announcement is just the latest in a long line of measures to promote Action for Cities, and I commend it to the House.

CCBG



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Oddi wrth Ysgrifennydd Gwladol Cymru

The Rt Hon Nicholas Edwards MP

From The Secretary of State for Wales

CONFIDENTIAL

27 April 1987

Ken Kenneth

VIBRN

INNER CITIES INITIATIVE

I have seen your letter of 23 April to John MacGregor seeking his agreement and that of colleagues to a Statement on Monday 27 April about the proposed expansion of the above Initiative.

As you know I am not altogether happy with the switch of resources you are proposing. It would thus be helpful to me if this afternoon's statement mentioned briefly the way we are tackling this problem in Wales. This can be done by adding the words 'in England' to the first sentence and introducing the following new third sentence to the final paragraph:-

'In Wales similar tasks are undertaken by the Government's agencies, through the Valley's Initiative and the newly established Cardiff Bay Development Corporation, as a result of measures previously announced by my Rt Hon Friend the Secretary of State for Wales'.

/ I am copying this letter to the Prime Minister, the Lord Privy Seal, the Chief Whip, Members of E(A) and H Committees and Sir Robert Armstrong.

J ew

Nick

The Rt Hon Kenneth Clarke
Paymaster General
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From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

24 April 1987

Jan JH

NBA

I have seen David Young's letter of 8 April to you about the establishment of a further eight task force areas in England and the enhancement of resources to cover this expansion and the proposed allocations to the City Action Teams.

While I fully support the objectives of the Initiative, I do wonder having looked at some of the proposed additional areas - Doncaster perhaps especially - whether David is not broadening the scope of the Initiative beyond its original concept of concentrating on areas of major priority. In the ordinary way I would not want to question the judgement of colleagues about the needs of English cities or about the specific application to some of the policies which we all accept to be necessary. I cannot but remark however that the resources which it is proposed should be switched into this initiative are presently earmarked for Great Britain programmes. David's letter was, in fact, the very first that I knew of this part of his proposals. Though sharing Ministerial responsibility for the work of the MSC, I had not been consulted previously. I have to say therefore that I am not altogether happy with the switch of resources which David has in mind. There will certainly be those in Wales who will say that if there are spare resources within the YTS programme they should be used to improve the transitional funding arrangements.

I quite accept that the scale of envisaged savings would be insufficient to make possible any significant general alleviations of the problems facing some of our local authority YTS managing agents. But I should be in some difficulty in explaining to hard pressed authorities like Mid Glamorgan - whose economic and social problems are also very severe - why YTS funds are being switched to urban

/initiatives with

The Rt Hon John MacGregor OBE MP
Chief Secretary
HM Treasury
Great George Street
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initiatives with no benefit to Welsh authorities like themselves. I believe that, for 1988/89 in particular, my Department should receive an appropriate share of any reductions made to programmes which operate on a GB basis. My intention would be to use the relatively small sum involved to boost my Valleys Initiative which is aimed at achieving a substantial improvement in the environment of selected town centres in South Wales in order to enhance employment opportunities and to help overcome the adverse social conditions that exist.

I am copying this letter to the Prime Minister, Members of E(A) and H Committees, and to Sir Robert Armstrong.

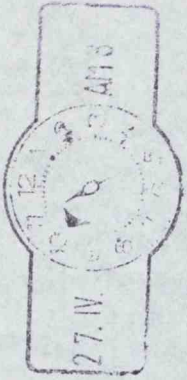
✓ →
D.H.

PS I have noted the comment in Douglas Hurd's letter of 22 April to David Young that we might expect criticism on the community relations side for not extending this initiative to Cardiff. The Cardiff Bay Development Corporation came into being on 3 April with a remit to revitalise the area around the City's waterfront. In setting about its task the Corporation will, I know, have the interests of existing residents very much in mind and will be very sensitive to community relations issues in its pursuit of economic and new employment opportunities.

Regional Policy

Bank of America

1979





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The Rt Hon John MacGregor OBE MP
 Chief Secretary to the Treasury
 Treasury Chambers
 Parliament Street
 LONDON
 SW1P 3AG

23 April 1987

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Dear John,

EXPANSION OF THE INNER CITIES INITIATIVE

Thank you for your letter of 23 April replying to David Young's 8 April letter. David has flown off to the United States, but before he left we discussed the points you make.

I was grateful for the support of colleagues for the expansion, and for the additional resources for CATS. Douglas Hurd suggests that the announcement of the new Task Force should be separated from the presentation which John Patten and I are making on Tuesday 28th. In fact, at the suggestion of John Biffen's office, we have been working towards a statement announcing the expansion, to be delivered ... in the House on the afternoon of Monday 27th. I attach a draft of the statement which I propose to make and would be grateful for any comments from you and from copy recipients by close of play on Friday. I hope Douglas feels that this arrangement meets his concerns.

We are happy to accept the points you make about the operation of City Action Teams. On funding generally, I can confirm that we will continue to take all necessary action to ensure that our total spend this year remains within our Estimates provisions and that proposals for switches in provision in the PES years will be identified when we put our 1987 Survey proposals forwards.



On gross running costs and manpower I am very much with you on the general desirability of keeping within existing overall limits and acknowledge that the £0.7 million and 50 posts could be regarded as de minimis in relation to the Department's total provisions. There are, however, as you appreciate, wider considerations of the appropriateness of some of our expenditure which is classified to running costs rather than programme where the staff are the programme, as with Restart. There are some areas therefore where we might want to argue for policy reasons for switches from programme to running expenditure in the PES years and with net manpower increases. For the current year, I note that you are not prepared to increase the running cost limits and we will do our best to live with that. So far as expenditure in future years and the manpower control figure for 1 April 1988 are concerned I think we can only say now that we must return to this in the context of the 1987 Survey.

I am copying this letter to the Prime Minister, the Lord Privy Seal, the Chief Whip, Members of E(A) and H and Sir Robert Armstrong.

KENNETH CLARKE

DRAFT STATEMENT ON THE EXPANSION OF THE INNER CITIES INITIAIVE
AND BUDGETS FOR CITY ACTION TEAMS

In February last year I announced the setting up of the new Inner Cities Initiative. Its aim was to improve the targeting, and enhance the benefit to local people, of the money channelled through existing central Government programmes in 8 small inner city areas. We gave it a modest top-up budget to test out new approaches to local problems, and in particular those designed to improve training and increase the opportunities for employment and self-employment for local people. Task Forces were set up in shop-front offices in each of the eight areas to coordinate Government action and to make better use of the large amounts of public money already being spent there. They were also given the job of working with the private sector, local authorities, voluntary groups and the residents themselves in developing local solutions to local problems.

The inner cities initiative was set up as an experimental programme. In a short time it has already shown what can be achieved by a common partnership of effort between the public and private sector with the active involvement of local people. Five different Government Departments have been involved in this work and I am also very grateful for the way in which the Manpower Services Commission has supported the Initiative by according the inner cities higher priority in

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the targeting of its programmes. The Initiative has demonstrated how the Government, by operating at a local level, can give a lead by pulling together the efforts of all those who are involved in our inner cities.

The Initiative has now been running for over a year. There have been significant and positive results. Our eight Task Forces have put themselves firmly on the local map. The Task Forces have shown that new ideas and a fresh approach are just as important as money in releasing the enormous fund of energy and ideas that local people have available to tackle their own problems. We said from the outset that any lessons learned from our eight small areas would be applied more widely to other inner city districts.

The results so far are so encouraging that I have now decided to expand the coverage of the Initiative to other towns and cities, while retaining its experimental and informal nature. I have therefore decided to set up a further eight Task Forces on the same basis as the original eight. They will be located in parts of Coventry, Doncaster, Hartlepool, Nottingham, Rochdale, Preston, Wolverhampton and the London Borough of Tower Hamlets.

The extra funds available to all the Task Forces to top up other programmes and to support new ideas will be increased to

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£14m for 1987-88. Experience shows that the availability of this top-up money will enable all the Task Forces to develop programmes of action to help achieve the employment and enterprise goals of the Initiative. The approach works best where there is a partnership of effort. We will be looking to work with local people, local authorities and local industry and commerce to achieve that partnership.

I also propose to carry forward the work of the five City Action Teams which we set up two years ago. These Teams consist of the Regional Directors of the Department of the Environment, Department of Trade and Industry and the MSC in each of the cities. They dispose of large budgets which they seek to co-ordinate more closely and we did not originally expect them to need CAT budgets as a Team. However last May we gave £1m to the Newcastle/Gateshead Team as part of a package of measures to relieve the effects in the North East of the shipbuilding redundancies. The City Action Team used this sum very effectively to plug gaps in their ability to support services for local business and training in new technology. Their achievements demonstrate that the City Action Teams have an important part to play in accelerating progress in areas crucial to local economic development and in attracting private sector support for worthwhile projects. Accordingly I will be making £1m available to each of the five City Action Teams in 1987/88 to be spent on the basis of a

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clear strategy that each Team will be asked to prepare for local action.

The additional resources required for the expanded Inner Cities Initiative and for the City Action Teams - an extra £10m in 1987/88 - will be found from within my Department's existing provision.

One of the aims of our Inner Cities Initiative has been to pool the efforts and resources of all Government Departments with a responsibility for our cities. As part of that concerted approach, my Hon friend the Minister for Housing and I will be making a joint Action for Cities presentation tomorrow morning in London's Docklands. This will be the first of a series of presentations across the country aimed at the business community, the voluntary sector and other opinion formers in our inner cities, to increase their involvement with Government efforts to make our cities more attractive places in which to live and do business.

The drive to help our inner cities is a key priority for this Government. It reflects our determination that all our people, wherever they live, North, Midlands or South, should have the opportunity to share in this country's growing economic success. We have always made substantial resources available. What we are now doing is targeting those resources

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better to ensure that it is the people who live in our inner cities who benefit from our efforts. It is those inner city residents who this initiative is designed to help. To help them acquire new skills so that they can compete on equal terms for the opportunities which are increasingly becoming available. To help them overcome the problems they face in setting up in business on their own account. And to help make our inner cities the kind of place where people want to live and where businesses want to invest. Today's announcement is just the latest in a long line of measures to promote Action for Cities, and I commend it to the House.

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Lord Young of Graffham
 Secretary of State for Employment
 Department of Employment
 Caxton House
 Tothill Street
 London
 SW1H 9NF

NBM.

23 April 1987

Dear David,

THE INNER CITIES INITIATIVE

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Thank you for your letter of 8 April proposing an expansion of the Inner Cities Initiative (ICI) and the introduction of funding for each of the City Action Teams (CATs). I have since read Kenneth Baker's, Paul Channon's, Douglas Hurd's, Nicholas Ridley's and Norman Tebbit's responses to your letter.

I accept your proposals in principle, although I have to say that you are putting these forward before there has been a proper evaluation of the effect of the existing initiatives. It is all the more necessary therefore that you should be setting targets for both the existing and the new Task Forces, and that you provide a central evaluation of any spending by the CATs, I am glad to see that you will be doing this. However, I agree with Nicholas Ridley that the relationship between the new task forces and existing programmes on the ground should be made as clear as possible before they are deployed. I also agree with Paul Channon that you are right to emphasise the experimental nature of the ICI and to place limits on the life of the task forces. The presumption should be that no individual Task Force should be retained for more than three years, with shut down far short of that where a lack of success is becoming apparent.

My agreement to what you propose in practice must be conditional on these two other points. First, there should be no further creation of task forces without a full and quantified assessment of their performance; in particular this would need to consider the outputs achieved against those for comparable policy instruments such as the Urban Programme and your own more general employment measures. Second, we should ask the CATs to bring their spending

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plans to MISC 116 for approval. We should also make clear that there can be no assumption of continued funding for the CATs beyond 1987-88.

On funding, I recognise that you have agreed to find extra resources from within your total budget both for 1987-88 and 1988-89. As I understand it, for 1987-88 you take the view that, on latest estimates, there should be spare funds within the existing provision for JRS and YTS; to put it another way, you are proposing to make use of emerging underspends (as early as the second week of the financial year) to fund policy additions elsewhere. We have corresponded in the past about my attitude to adjustments of this sort and I have made clear my objections of principle. Given the importance you attach to this particular initiative I am, however, on this occasion - without prejudice to the future - prepared to accept your funding proposals. This is on condition that if any other areas of your budget where monitoring suggests the likelihood of overspends which cannot be accommodated, you will take immediate policy action to ensure you are able to live within your resources. I understand, for example, that the present number of community programme participants is substantially above the average figure on which your Estimates provision is based.

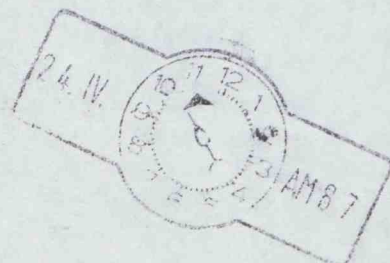
Proposals for switches in provision for 1988-89 (and later Survey years) should properly await the 1987 Survey, for which we have now agreed the arrangements. In this instance I am, however, prepared to agree to the proposed announcement on the basis that switches within existing provision will be identified when you put forward your Survey proposals.

You also proposed that the 1 April 1988 control figure should be increased by 50 posts and the 1987-88 gross running cost limits should be raised by £0.7 million. I cannot accept either of these proposals. I must insist that the manpower and gross running costs implications are absorbed within the existing control figures, which were greatly increased at the time of your 28 January announcement. I will also expect your proposals for switches in 1988-89 and the later years to be prepared on the basis that there is no net transfer from programme spending to running costs.

I am copying this letter to the Prime Minister, members of E(A) and H Committees and Sir Robert Armstrong.

Yours ever,
John

JOHN MacGREGOR



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QUEEN ANNE'S GATE LONDON, SW1H 9AT

22 April 1987

Dear David,

NBM

INNER CITIES INITIATIVE

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I welcome your letter of 8 April to John MacGregor proposing the extension of the Inner Cities Initiative to a further eight areas and additional funding for the City of Action Teams. I wholeheartedly support the proposals.

We recognised when we embarked on this initiative that we were asking the Task Forces to undertake novel and difficult work. My officials have sought to co-operate closely with the ICI Central Unit and the Task Forces.

David Waddington has kept me informed of this work. The progress in the year since the Initiative was launched is creditable and encouraging. The review of the first year's work will help us to assess its impact in more detail and will no doubt offer many lessons. But I am sure that it is right to press ahead with setting up the Task Forces in new areas on the strength of the work undertaken so far.

I note that the selection of new areas is confined to England. I know that the Scottish and Welsh Offices have been consulted. I would only comment that we can expect criticism, on the community relations side at least, over the failure to recognise the claims of Cardiff.

In setting up the Initiative we had in mind the need to make special efforts to enable people in deprived areas to share in our economic revival. This is obviously right in itself. It is also prudent if we are to lessen the risk of renewed inner city disorder. The success of the Task Forces in enabling people in the selected areas to develop a greater sense of being able to contribute is fundamental and well brought out in the papers. One aspect of particular importance from my point of view is the need to ensure that people of all the ethnic groups in the areas benefit.

This brings me to the one point that does concern me, namely the context in which you propose to announce the extension. The physical and economic regeneration of the cities is the necessary context within which the Initiative must be placed. It is, however, essential to avoid emphasising that aspect of our policies to the exclusion of the people within the areas. I have seen the booklet "Action for the Cities" and it is an admirable presentation of the programmes for physical and economic regeneration. Since it is confined to the programmes of the Employment Group and Environment its reference to the social programmes for the people of the deprived areas is partial and subordinate. The danger is that if the extension of the Inner City Initiative is announced at the presentations of the work set out in the booklet the focus of the Initiative on the people of the areas will be overshadowed or even lost. I should have preferred an occasion which was

The Rt Hon The Lord Young of Graffham

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devoted to the Initiative itself. If this is not possible it is important to ensure that full weight is given to this focus of the Initiative at the presentation by featuring some Task Force projects of a social nature and by underlining their place in the Initiative. David Waddington would be glad to join in the presentation.

I am sending copies of this letter to the recipients of yours.

Yours,

D. Waddington.

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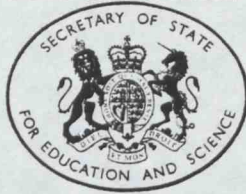
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The Rt Hon John MacGregor OBE MP
Chief Secretary of the Treasury
Parliament Street
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21 April 1987

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THE INNER CITIES INITIATIVE

David Young wrote to you on 8 April about his proposals to allocate resources to City Action Teams and to increase the number of Task Force Areas.

The situation in many of our inner cities is such that I am sure that these further initiatives are justified and I agree with both proposals.

I am sending a copy of this letter to the Prime Minister, to members of E(A) and of H and to Sir Robert Armstrong.

*Very truly
yours*
[Signature]

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cc BG



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Secretary of State for Trade and Industry

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21 April 1987

The Rt Hon Lord Young of Graffham
Secretary of State for Employment
Caxton House
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London SW1H 9NF

NBM

Dear Lord

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Thank you for sending me a copy of your letter of 8 April to John MacGregor, with its proposals for continuing and expanding the Inner Cities Initiative and for funding the City Action Teams.

I note your judgment that these initiatives have been successful in meeting some of their principal objectives, such as improving the employability of inner city residents by encouraging greater workskills and enterprise amongst them. I would not wish, therefore to stand in the way of the expansion that you now propose, particularly since you intend to finance this from resources within your own Department's expenditure programmes. Nevertheless, I am sure you are right to emphasise that the Initiative is still at an experimental stage and to acknowledge that the task forces should not have a permanent life.

I welcome your intention to provide some funds for each of the existing City Action Teams, in the light of the successful experiment in Newcastle last year. The effective use of these funds will depend, in my view, to a large extent on the freedom given to the Teams to gear spending to the particular needs of their areas. I know that in Newcastle, the CAT was able to apply some of its funds to inner city locations outside the immediate CAT

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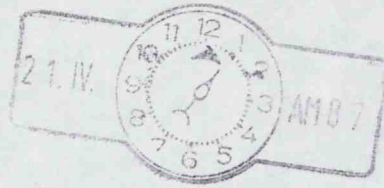
area, but within the same region. I hope that the new funds will be provided with the same degree of flexibility. Some CATs may choose to confine expenditure to their own areas, but others may find it helpful to exercise the discretion that was allowed in Newcastle.

Copies of this letter go to the Prime Minister, John MacGregor, Norman Tebbit and other members of E(A) and H Committees and to Sir Robert Armstrong.

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PAUL CHANNON

REGIONAL POL: Inner Cities PT9



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cc/BG



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My ref:

Your ref:

nbpm

The Rt Hon Lord Young of Graffham
Secretary of State
Department of Employment
Caxton House
Tothill Street
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13 April 1987

Dear David

THE INNER CITIES INITIATIVE

Thank you for a copy of your letter of 8 April to the Chief Secretary and your Memorandum proposing to extend the Inner Cities Initiative by deployment of a further 8 Task Forces, and to allocate £1m to each of the City Action Teams in 1987/88.

Your officials helpfully consulted mine on the selection of areas for new Task Forces, and on the clarification of their objectives. As you intend to find all resources from your Department's existing provision I am content to support your proposals.

Improving the employability, motivation, skills and enterprise of inner city residents is an essential part of our objectives for urban renewal. I hope there will be good links between the Task Forces improving local labour supply, and my proposed low budget Urban Development Corporations which will provide development and job opportunities.

The Action for Cities presentation at the end of April should help to build up a public understanding of our urban policy as a co-ordinated proliferation of different instruments to help the cities. I think we agree that our aim must be to achieve a well-tuned set of expert and specialised initiatives which buttress each other, rather than many generalist bodies independently attempting very similar tasks. We need to ensure as the new Task Forces are deployed that the relationship between them and other programmes is clear.

No doubt you will be using MISC 116 to ensure that the City Action Teams use their resources in a similarly precise and organised way.

Copies of this letter are being sent to the Prime Minister, Members of E(A) and H Committees and Sir Robert Armstrong.

James
Nicholas Ridley

NICHOLAS RIDLEY

MEMORIAL POLYMET

INNER CITIES

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CBL



Chancellor of the Duchy of Lancaster

CABINET OFFICE,
WHITEHALL, LONDON SW1A 2ASTel No: 270 0020
270 029613th April 1987

nbpm

The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
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John

THE INNER CITIES INITIATIVE

I have read with interest David Young's letter to you of 8 April, and his memorandum on the work of the Inner Cities Initiative and the City Action Teams.

I have no doubt as to the need to keep up the momentum of this Initiative. We do not need, nor could expect, at this stage to have conclusive evidence of the longer-term impact of the Inner Cities Initiative and the CATs in order to accept that these policies must be presented, as David says, positively and with commitment.

I therefore hope that you and other colleagues will be able to give early agreement to David's proposals.

I am sending a copy of this letter to the Prime Minister, members of E(A) and H Committees, and to Sir Robert Armstrong.

Norman

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