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Andrew Wells Esq  
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for E(A) meeting  
held tomorrow.

27 April 1987

Dear Andrew,

E(A): 28 APRIL  
LOW-BUDGET URBAN DEVELOPMENT CORPORATIONS

You asked if Mr Ridley could circulate a draft statement for an announcement of his proposals on low budget UDCs, which he has set out in E(A)(87)21.

Mr Ridley does not wish to finalise the form and timing of an announcement before tomorrow's discussion. He has however approved the attached first draft which indicates how an early announcement might be phrased.

I am copying this to the Private Secretaries to the Prime Ministers and the members of E(A) and Sir Robert Armstrong.

Yours

Brian Leonard.

B H LEONARD  
Private Secretary

DRAFT ANNOUNCEMENT ON LOW BUDGET URBAN DEVELOPMENT CORPORATIONS

Nicholas Ridley, Secretary of State for the Environment, today announced a further major Government initiative to help the inner cities. More UDCs will be set up to bring new life to run-down areas.

Mr Ridley said:

"We have all seen what UDCs can achieve. The success of the London Docklands Development Corporation is particularly striking and I am pleased that the 4 new UDCs I announced 6 months ago have generally received a positive welcome.

"The dynamic single-minded approach that UDCs bring to tackling the problems of urban decay needs to be extended. I therefore propose to apply the UDC model to several of our larger towns and cities where the need for development, for investment, and for job opportunities are obvious but where progress is being held back.

"Typically, these new UDCs will cover smaller areas than those already designated or announced and I expect their expenditure to be commensurably smaller. A number of small sites might be selected totalling in each area up to 500 acres. Expenditure of each UDC will probably be in the range of £10m to £15m in total, over a number of years.

"I shall not decide the selection of areas until further studies have been carried out. The aim of the new UDCs will be to assemble and prepare sites for development as quickly as possible. They will have development control powers. They should recoup eventually from sales of land much, if not all, of their initial expenditure."

The list of areas to be studied will be published very shortly. When those studies are complete the Government will decide for which areas a UDC will formally be proposed for designation. I expect that about 4 of these smaller UDCs will be designated initially.

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## STATEMENT ON THE INNER CITIES INITIATIVE

*Inner Cities 9*

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.

### INNER\_CITIES\_INITIATIVE

An experiment in direct\_co-ordination of Government activity in small areas, plugging\_gaps in programmes and encouraging new\_ideas. Five Departments involved (DE/MSC, DOE, DTI, HO, DES).

Eight inner city task forces have run for one year. Emphasis on

- encouraging enterprise
- improving employability
- stimulating employers to recruit and train inner city residents
- reduce crime and the fear of crime

Task Forces are small groups (typically five or six) of civil servants and secondees from private firms or local authorities.

#### Results encouraging

- excellent response from private sector
- heartening reaction from local residents to the challenge of improving their own chances of a job or a decent training

Most local authorities have worked in pragmatic fashion with this Government initiative (especially good politically: Birmingham, Bristol, Middlesbrough. Especially bad: Leicester (City), Southwark).

Announcement yesterday expands task force coverage to eight more locations, while retaining experimental and informal nature.



## QUESTIONS AND ANSWERS

### 1 Details of Outputs

An estimate of outputs anticipated from the first 95 projects of the original Initiative, roughly to the end of 1986/7 indicates:

- cash leverage of private sector funds on a 1:1 basis
- leverage of public sector funds on a 1.5:1 (of Initiative money) basis
- over 600 new jobs created, excluding those in business start-ups helped by the Initiative
- more than 150 businesses directly supported
- over 900 Community Programme places facilitated
- around 1,200 training places facilitated.

### 2 Objectives Addressed

All the Initiative's objectives have been tackled. Of the committed expenditure of almost £5 million to the end of 1986/7, 15 per cent of the money provided more jobs, 25 per cent encouraged enterprise, 55 per cent improved employability and 5 per cent related to community development. Of course, some projects met more than one of these aims.

### 3 Lessons Learned

It is clear that most progress has been made where the local authority, the local community and the private sector are committed and involved. Task Forces are a successful medium for targetting main programmes on small areas of particular need. They provide a useful context for piloting new forms of provision (for example, private sector management of Community Programme Schemes) and fostering co-operation between Government Departments. And not least that access to special funds in these areas enables directly useful work to be done and can help unlock much greater resources in the local community.

#### 4 Still a Pilot?

We made it clear when the original Initiative was announced that it was a pilot programme. It still is. Eight or 16 areas, neither number can in itself address the major problems our cities face. There are other big programmes, such as DOE's Urban Programme, or the MSC's various employment and training programmes, which have the major role to play. We are still at an experimental stage, trying out a successful formula in other areas of need.

#### 5 After the Pilots, What?

This expanded Initiative will run for another two years. We are learning all the time and the results are already influencing main programmes (eg targetting of MSC programmes). So real work has already started. But we do not contemplate a permanent life for any of the Task Forces.

#### 6 Why These Areas?

We made it clear the original 8 were chosen as broadly typical of the severe problems inner cities face. The same can be said of the new areas, and indeed in terms of environmental problems and unemployment all 16 areas are very similar. We wanted to extend the Initiative but there is nothing sacrosanct about 16 - that number may rise or fall in the period ahead.

#### 7 Attitude of Local Authorities

Mixed in the original 8 areas, though overall they have worked well with the Initiative and contributed significantly to it. One of the lessons we learned was that progress is best where the local authority is involved. We are confident that we will have that involvement in the new areas. We certainly need to work in partnership with local authorities, as well as the other local actors.

#### 8 CATs and Task Forces - The Same Thing?

In terms of what they are doing, and how they do it, very similar. In terms of where they do it, clearly not. CATs cover wider urban areas and will need to take a strategic view of the employment, enterprise and environmental needs of those areas. Task Forces will need to respond to the more immediate needs of the very small districts they cover.

NOTE ON TASK FORCE OUTPUTS

The Task Forces operate in some of England's most difficult inner city areas. It is very early in the experiment to be definite about numerical outputs.

The figures in the Q & A are minimum estimates relating of course to eight small areas and effectively to 9 months work.

In that context, they are good news. The 600 new jobs are in areas where jobs are a struggle to sustain. The 150 businesses operate in a sometimes hostile environment. The 2100 training and CP places are in locations where the quality of opportunity is often low, ICI projects raise quality.

The Leverage ratios are tentative but, again, err heavily on the side of caution.

It is important to stress that getting things done in inner cities is a major challenge to commitment and ingenuity. "Numbers" must be placed in context.

## CATs BUDGETS - LINE TO TAKE BRIEF

1 Why Budgets

Because we have been impressed with the progress made by the Newcastle/Gateshead CAT in spending the £1 million we allocated to it in 1986/7 to spend on additional measures tackling the effects of the shipbuilding redundancies in the North East. That money was spent in relation to a coherent local strategy of building up an infrastructure of design and marketing support for local businesses. We will be asking the other CATs to produce similar plans of action, and we will be looking in particular for the money to be used in concert with private sector resources.

2 Why now

We have been able to draw conclusions from how Newcastle/Gateshead spent its budget in 1986/7. It seemed sensible to continue that effort for another year, and to extend a similar capability to the other CATs.

3 What Will the New Money be Spent On?

The Newcastle/Gateshead CATs has spent its special budget for 1986/7 on projects which helped develop an infrastructure of support for businesses in the area. The projects also showed a clear appreciation of the need for the money to be spent in co-ordination with other sources of Government help, and as part of a leverage of private sector resources. I gave details of the projects supported in my reply to a Parliamentary Question on *23 February* 1987.

4 Who Will Account for This Money?

The CAT leaders will be immediately responsible, with the Permanent Secretary of my Department (Employment) having formal accountability. However, I shall be approving the expenditure on a project by project basis.

5 Targetting of CAT Money

The CAT budgets will be mainly spent within the area of the Team - that is the Inner City Partnership area. However, there is scope for flexibility at the boundaries. The aim will be to spend the money primarily on projects benefiting the economic infrastructure of the City, and the prospects of employment of the people living there.

**CITY ACTION TEAMS - CATs**

1. CATs were launched in April 1985. Five Teams were set up in each Inner City Partnership area, with one team covering the three London Partnerships of Hackney, Islington and Lambeth - others are Birmingham, Liverpool, Manchester and Newcastle. The Teams consist of the Regional Directors of the three main Government Departments with a local presence - DE, DTI and DOE. Leadership of the Teams is shared between the three Departments.
2. The aim of the Teams is to co-ordinate and raise the profile of Government help to, and action in, the Partnership areas in accordance with the three initial objectives of Urban Policy. These are:
  - i) to reduce the number of people in acute housing stress.
  - ii) to reduce the number of derelict sites and vacant buildings.
  - iii) to increase job opportunities in certain areas, and the employability of certain groups.
3. The main Departmental programmes coming within the CATs are:
  - i) DOE, - Urban Programme, Urban Development Grant, Derelict Land Grant, and Urban Regeneration Grant.
  - ii) DE/MSD - Restart, Community Programme, Adult Training and YTS, JTS, Enterprise Allowance Scheme and programmes of assistance to small firms.
  - iii) DTI - investment incentives.
4. Total expenditure in Partnership areas related to the three objectives of Urban Policy (para 2) is estimated in 1986/7 to be around £735m. Of this around £530m is accounted for by DOE programmes, £180m by DE/MSD programmes and £25m by DTI programmes.

5. The Home Office, DES and DHSS also maintain close links with the CATs.

6. The Teams report regularly to Ministers, with a focus on encouragement of enterprise, public-private sector co-operation, joint working between Departments, ethnic minority initiatives and use of vacant and derelict land. It is clear they have made significant progress in particular;

- in taking initiatives to help rebuild the industrial/commercial base of their cities.
- publicising enterprise and successful local developments, and promoting tourism.
- fostering public: private sector collaboration.
- developing good links with all Departments at local level and with the Inner City Task Forces.
- supporting projects involving, and in support of, the ethnic minority community.
- promoting the use of vacant/derelict land through disposal of sites on the land register.

7. The Newcastle CAT was given a budget of £1m in May 1986 to help alleviate the local affects of the shipbuilding redundancies. The money has been used most successfully to develop an infra structure of support for small and developing business enterprise, including marketing and other technical support. In the light of the good progress made, Ministers have now agreed to give each of the five CATs a budget of £1m to be spent in relation to a clearly-defined programme of local action to stimulate employment and enterprise. An announcement of this enhancement of the CAT role was made by the Paymaster General in the House of Commons on 27 April 1987.

## BRIEF - GOVERNMENT SPENDING IN INNER CITIES

1 The Government already provides significant help to inner cities. Since it came into office in 1979, Government programmes have increased in real terms as follows:

- The Urban Programme has almost doubled - to £324m in 1986/7 - in real terms since 1978/9 (when 93m was spent). £127m was spent in the Inner City Partnership areas in 1986/7.
- but NB for 1986/7 the UP was cut back from £338m in 1985/6. Handsworth for example has received <sup>over</sup> £20m in aid over the last 4 years. The Urban Development Grant of £121 has attracted over £600m of private investment in respect of 239 approved payments.
- Derelict Land Grant - has doubled in real terms since 1979 to over £80m. Every 2 years, an area the size of Grimsby is reclaimed.
- Housing Improvement Grants have trebled to £500m (peaking at £900m in 1983/4).
- Government support to Housing associations through the Housing Corporation is now £706m - a 9% real terms increase since 1979.
- Support for Local Authority posts dealing with the special needs of Commonwealth immigrants has doubled <sup>to</sup> over £95m.
- Employment Measures. The MSC aimed to spend around £175m in the 7 Inner City Partnership Areas in 1986/7 (an increase of 25% over the 1985/6 figure). Overall spending on employment and training measures has more than doubled since 1978/9 to around £3 billion in 1986/7.

2. Around £735m was spent in 1986/7 tackling inner city problems on housing, dereliction, and employment in the inner city partnerships.

3. Spending on Government programmes in the 8 Inner Cities Initiative Task Forces which can be identified as clearly being spent in those areas, was some £75m in 1985/6. Over £23m was through MSC programmes. It is reckoned that around £82 m. of Government spending in 1986/7 was accounted for by the 8 new areas.

In addition, the Government has increased its support for the voluntary sector to £775m in 1985/6 - well over treble the 1978/9 figure.

5. At the same time, Local Authority spending has increased significantly. In the Urban Programme authorities, their spending increased from £1 billion in 1978/9 to just over £2 billion in 1986/7.

6. Over and above this, the Government has, and is continuing to:

- encourage local authorities to concentrate on repairing their existing stock of homes (76% of council dwellings built post-1945).
- take steps to encourage better management and maintenance of Council housing. Encouraging much greater involvement of tenants in the running of their estates.
- strongly encourage home ownership particularly through the Right to Buy which is now being further extended to help tenants of Council flats and through inner city low cost home ownership.
- promoting enterprise and increasing training, including in hi-tech and computer technology.
- help local authorities tackle the problems of the worst housing cities through Estate Action (the budget increased from £50m in 1986/7 to £75m in 1987/8).

8. All this underlines the Government's recognition of the problems of our inner cities and its attack on them across a broad, yet co-ordinated front. That attack is now being carried forward through the expansion of the Inner Cities Initiative, the granting of budgets of £1m for each City Action Team, and the New Urban Regeneration, Grant announced by DOE in April 1987.



## EIGHT NEW INNER CITY TASK FORCE AREAS

EM 86/87

AREA	TOTAL SPEND (1)	MSC	UP	S.11 (2)	UDG	HOUSING CORP  (Money committed)	OVERALL U/E % (3)	UNDER 25 U/E % (3)	ETHNIC MIN %	BASIC DEPRIVATION (Z) (4) SCORE	POPUL IN NEAREST 1000
HARTLEPOOL	6.4	5.5	0.9	---	0.03	0.8	28.6	42.1	0.8	5.34	20,000
PRESTON	6.2	4.4	0.4	0.6	---	0.8	26.8	36.9	25.1	7.66	24,000
ROCHDALE	8.2	5.0	1.1	0.9	---	1.2	22.5	31.9	20.2	5.94	33,000
DONCASTER	9.9	9.1	0.8	0.02	---	0.4	22.9	36.4	5.3	3.28	36,000
NOTTINGHAM	7.3	4.5	1.1	0.1	0.2	1.4	39.1	54.9	25.4	7.65	25,000
COVENTRY	15.7	10.6	2.7	2.3	0.1	4.3	30.7	47.0	37.6	5.59	34,000
WOLVERHAMPTON	20.7	17.2	1.7	1.8	0.02	1.4	27.4	44.1	38.3	7.69	49,000
TOWER HAMLETS	7.9	1.5	2.5	0.3	---	3.6	29.0	31.2	42.0	7.27	21,000

- NOTES
1. This is identifiable expenditure in the areas. It is a broad estimate.
  2. Excludes provision for education posts.
  3. Approximation based on July 1986 unemployment count and the 1981 population census (of the economically active).
  4. The basic deprivation (Z) score is a DoE index measuring multiple deprivation on a scale, with '0' as the national average.



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David Norgrove Esq  
Private Secretary to the Prime Minister  
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LONDON SW1

28 April 1987

*Dear David,* *ARM.*

**ACTION FOR CITIES BOOKLET**

I am writing jointly with Brian Leonard in Nicholas Ridley's office to you and to the Private Secretaries of members of the ... Cabinet to draw to your attention the enclosed Action for Cities Booklet, published today by DoE and DE. Either of our departments would be happy to supply further copies of the booklet on request.

I am copying this letter, and enclosure, to Trevor Woolley in Sir Robert Armstrong's office.

*Yours,*

*Jeanie Cruickshank*

JEANIE CRUICKSHANK  
Private Secretary

and for Brian Leonard