

E(UP)

cc: B/UP

INNER CITIES REPORT: E(UP)

This meeting could mark a watershed in urban policy if it formally endorses a shift from Government-led, cash based programmes to an approach based on locally-led, self help initiatives. It may be useful to ensure that the record of the meeting formally records this conclusion - eg:

"The Government has learnt that the temptation to respond to the symptoms of social and environmental decline by massive government spending does not provide the answer - indeed it may simply exacerbate the dependency culture. Our policies must follow the more difficult, but rewarding approach of rebuilding hope and encouraging self help and enterprise."

It would also be useful to ask Ministers to work up the specific proposals, as the Cabinet Office brief proposes, so that we can eventually announce a package of policy initiatives that support our philosophical framework. This will mean keeping a small Cabinet Office team for the time being to progress chase and pull together the conclusions.

The annex lists a few ideas from BIC and elsewhere which are NOT incorporated in the report, some of which you may wish to have added to the list of those examined by departments.

Key Questions

- 1 How do we get local leadership? We have given up on most local authorities, but more Civil Service led teams are not the answer either. We have suggested building support around local entrepreneurs who would provide the vision and energy to co-ordinate both Government and private initiatives. BIC are now proposing to organise local groups that could provide a base of support. If we describe the challenge, will individuals emerge to take

up the cudgels? We believe they will - as, for example, entrepreneurs have emerged to take up the EAS opportunity. And do we stand any chance of success without identifying powerful local champions?

- 2 How do we provide Ministerial co-ordination and leadership? If this issue is raised, you might make the distinction between the urgent need for leadership in "communicating the policy" from the separate question of policy leadership, which will inevitably rest with the individual departments (with DOE the largest player). Communication has to include how we market the opportunities our policies provide to individuals on the ground in inner cities and council estates - in education and housing as well as enterprise. We probably need a single agency in each local area rather than a proliferation of marketing agencies covering separate policies.

As well as Cabinet ministers, you might consider junior ministers with good communicating skills (Chris Patten?) for this role.

- 3 Do we want a White Paper? We should not publish a definitive document until we have both a clear statement of the framework and a worked through set of policy initiatives to support that framework and the structure through which to provide local leadership. But it may be useful to aim towards a White Paper if only to maintain the pressure to synthesise policies within a common framework.
- 4 Should we pick areas? We should pinpoint areas for attention only as and when we have identified local leadership; otherwise we send the old signal that "Government is fixing the problem".

NRB

NORMAN BLACKWELL

ANNEX

POSSIBLE ADDITIONAL MEASURES TO BE INCLUDED IN INNER CITIES POLICY FRAMEWORK

Land

- 1 Re-introduce rates on empty land.
- 2 Require land values on company balance sheets to be updated to reflect current disposal value. (Some companies are believed to be reluctant to dispose of land which is on their balance sheet at a high historic cost).

Housing

- 1 Redirect housing grants and some urban money to provide specific grants outside of HATs for redesigning estates along Alice Coleman lines.
- 2 Encourage mixed use planning permission on large estates to allow business development within the estate.
- 3 Enable tenants and landlords to set up trusts to manage common areas on their estates and realise development opportunities (opt out provisions will not necessarily provide for effective management of common areas).

Enterprise/Employment

- 1 Provide financial incentives to encourage development of small starter units on industrial property.
- 2 Provide a back up fund to underwrite insurance for companies trying to operate in "red line" districts.
- 3 Expand and market EAS in inner city areas, with help to

overcome the £1000 barrier.

- 4 Copy the scheme run by the SDA in Scottish inner cities, which provides grants to assist employers to take on and train the long term unemployed.
- 5 Provide BES tax relief to Local Enterprise Companies which pool investments from individuals to provide small equity/loan sums to businesses in specified development areas.
- 6 Provide tax concessions for corporate funds donated to social projects (requested by Hector Laing).

Better not to raise these
in open committee.

AKN.



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PRIME MINISTER

Urban Policy
E(UP)(87) 2nd MEETING

DECISIONS

The main purpose of the meeting is to have a first discussion of Mr Sorensen's report. The Sub-Committee will not be able to take decisions on all 25 recommendations in the report at one sitting, but it is important not to lose momentum on inner cities policy. You may therefore wish to reach decisions on:

i. follow-up action. Each Minister could be asked to report back to you by the end of October on what action he proposes to take on the recommendations for which he is responsible. A suggested allocation is attached at A: your Private Office could circulate this separately after the meeting if you wished. The next meeting of E(UP) could then look at priorities in the light of this work;

and ii. further work. You may wish to commission further work on some aspects of the report straightaway, particularly where this work is needed to help shape overall policy. Possible items include:

VOLUNTARY AGENCIES

a. a review of the funding of voluntary agencies which the Home Secretary ~~could~~ be asked to undertake (recommendation 10 of the report);

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b. the scope for simplifying and rationalising the various grants which Government gives in connection with inner cities policy. You may find the attached 'grantogram' helpful for this purpose;

c. the extent to which the many organisations in this field overlap and could be rationalised. You may find the attached organogram helpful on this.

Depending on decisions about organisation the work on (b) and (c) could be allocated either to the lead Minister or to the Cabinet Office (Mr Sorensen).

2. A decision will also be needed on the organisational issues which Sir Robert Armstrong set out in his minute of 18 September to Mr Wicks, in particular the question of a 'lead' Minister. But this is not for discussion at this meeting, where the main contenders will be taking part in the discussion.

3. The Government may well come under pressure to make a statement on its current urban policy and to indicate the areas that have been selected for special attention. It would be useful, if only for working purposes, if the group could indicate the nature and timing of the next statement of policy, so that work can begin to be directed to it now. Decisions could then be taken at the next meeting on the general content of the statement and on the approach to the selection of areas. You may think that the aim should be to publish a White Paper before Christmas. Drafting would be an early priority for the lead Minister when designated.



4. The meeting also has before it a note by the Secretary of State for Wales on The Welsh Dimension. You may wish to treat this as part of the follow-up action by Ministers (see (i) above) and leave it to be considered in that context.

BACKGROUND

5. Mr Sorensen's report was commissioned at the first meeting of the Sub-Committee on 7 July (E(UP) 1st Meeting). His remit was:

to consider the effectiveness with which Departmental programmes deliver the Government's urban policy, bearing in mind the need above all to motivate and encourage initiative and enterprise in our inner cities; to propose changes as necessary both at central and local level; to propose target areas on which Government effort should be concentrated; to make proposals for improving the presentation of the Government's urban policy; and, in consultation with Government Departments as necessary, to prepare an interim report before the end of July, with a final report in September.

MAIN ISSUES

6. The report illustrates the extent to which inner cities policy is really a whole series of policies on matters which relate to inner cities. The Government has a good story to tell about the way in which these individual policies have been initiated and developed; and the report makes practical suggestions about how they might be further sharpened. You will want each Secretary of State to look at these suggestions. But perhaps the most important question overall is how these various policies can be welded together into a single coherent approach which has the right impact on people in the inner cities as an encouragement to their enterprise and which can be presented as such publicly.

7. At the Group's first meeting you stressed that it would be self-defeating to throw money at urban problems, and attempt to manage them from the top down. Rather, the Government's approach should be one of offering a wide range of opportunities, ready to be seized upon and exploited by those with enterprise and initiative. The Government should help people to help themselves, not encourage dependence. This is the theme that clearly emerges



from the introductory page to the summary of Mr Sorensen's report and you may first wish to consider whether this statement of principles is satisfactory as the foundation for future policy and the White Paper.

8. The next step might be to consider how far the multiplicity of grants and organisations is the most efficient way of achieving results in inner cities: for instance, whether they overlap, whether the organisations talk to each other, whether the people in inner cities at whom they are directed find them easy to understand and use or whether they seem bureaucratic. The resources directed at inner cities are already substantial: the grants shown in the grantogram total around £4 billion excluding enterprise zones and HATs. The question is whether they deliver the best service to the customer; that is to the people and bodies which want to tackle their local problems with energy and initiative. You might want to commission the further work suggested at 1(ii)(b) and (c) above. It should cover the new bodies which are being set up on housing and education (eg HATs) as well as existing bodies.

9. This leads on to the further question of leadership and the suggestion made by the Policy Unit that an early priority should be the appointment in each key area of someone with the right sort of dynamism and knowhow who could draw together the various Government interests in that area and direct them in the most efficient way.

10. Finally there is the question of designating areas. You will remember that at the Group's first meeting it was generally assumed that these would need to be pressed ahead. There was a good deal of discussion about the way in which area-based initiatives should be presented.



a. Some members thought it would be a mistake to announce all the areas in advance, and that the best course would be to start with a minimum list and add more later in the light of developments.

b. Other members thought that it was inescapable that all the areas involved would need to be announced at the outset, perhaps together with a full statement of the objectives that would be set for the exercise, and the criteria by which they would be measured.

Perhaps the key question is whether the choice of areas should be imposed by Government or whether there should be an element of self-selection, with those inner city areas which have the imagination to grasp the opportunity putting themselves forward with proposals. The latter "bidding" approach would make it easier to explain why particular areas had been chosen. The more that Government decisions can build on private sector initiative - like the proposals in the paper on Business in the Community by BIC - the better the chance that the selection of areas will take root and really grow.

ORGANISATION

11. Mr Sorensen's report makes recommendations about the inter-departmental organisation on the ground but (rightly) does not discuss how the work of departments can be drawn together, in particular the question of designating a 'lead' Minister. But this is not for discussion at this meeting, where the main contenders will be taking part in the discussion. It is for you to decide separately, as a matter of machinery of government, what should be done. Sir Robert Armstrong's minute of 18 September to Mr Wicks recommends, subject to further consideration in the light of discussion in E(UP):

a. no formal changes in machinery of government;



b. designation of the Secretary of State for the Environment as the 'lead' department with responsibility for the co-ordination, over-view and presentation of Governmental policies and programmes on the inner cities;

c. the setting up of an official committee on urban policies, to keep under review inter-departmental co-ordination of programmes and policies and to report progress to the Ministerial Committee.

12. The question may arise who should undertake further work pending your decision on these organisational issues. Where possible, such work should be allocated to whichever Minister is already in the lead on a particular topic. But some studies may not fall conveniently to a Secretary of State under existing arrangements: for instance the work on grants and organisations suggested in paragraph 1(ii)(b) and (c) above. In those cases, as an interim measure until the lead Minister is announced, you may wish to invite the Cabinet Office in the person of Mr Sorensen to undertake the work and report back at the next meeting.

HANDLING

13. You may wish to open by saying that it is right for the Group to take stock of the Cabinet Office report as soon as it is available, but that it is clearly too soon for substantive decisions. You therefore wish to invite them to report back by the end of October on what action they propose to take: see paragraph 1(i) above. You might ask the ENVIRONMENT SECRETARY and the TRADE AND INDUSTRY SECRETARY to speak first; and then turn to the CHANCELLOR, the HOME SECRETARY and the EDUCATION SECRETARY.

14. The Group's first meeting became known to the media, and it is possible that this one may do so as well. If the press need to be briefed, the best line might be that this was a routine meeting of the Group to consider a report prepared over the holidays and that no decisions or announcements are imminent.

R.T.W.

R T J WILSON
Cabinet Office

30 September 1987

SECRETARY OF STATE FOR TRADE AND INDUSTRY

Other Depts
involvedInvolving Companies and Selecting Areas

- | | |
|---|----------------------------|
| <ul style="list-style-type: none"> - review range of publications addressed to private companies and developers to see if a <u>joint marketing effort</u> would be sensible (Recommendations 12 & 16) | DoE
DE/MSC
DES |
| <ul style="list-style-type: none"> - consider whether expanded <u>City Action Teams</u> should be more <u>widely applied</u> with the aim of <u>applying programmes to reward and encourage local initiative</u> (Recommendation 17) | DoE
HO
DE/MSC
DES |

SECRETARY OF STATE FOR THE ENVIRONMENT

Housing, Local Authorities and Land

- | | |
|--|--------------|
| <ul style="list-style-type: none"> - set up body to promote opportunities for council tenants to change landlord (Recommendation 2) | |
| <ul style="list-style-type: none"> - give priority to getting inner city authorities to put out services to competitive tender (Recommendation 1) | |
| <ul style="list-style-type: none"> - promote joint action by DoE, MSC and Home Office on rundown estates (Recommendation 9) | DE/MSC
HO |
| <ul style="list-style-type: none"> - improve measures to bring land into use (Recommendations 13-15) | |

SECRETARY OF STATE FOR EMPLOYMENT

Other Depts
involved

Enterprise and Employment

- consider effectiveness of inner city training
(Recommendations 3,4,7,8)
DTI
DES
DoE
HO

- take measures to strengthen Local Enterprise
Agencies (Recommendation 11)
DTI

- improve evaluation of employment measures to
take account of wider impact (Recommendation
19d)
DTI
DoE
Treasury
HO
DES

- oversee review by London City Action Team of
better ways of matching training and skills with
jobs (Recommendation 6)
DoE
DTI
DES

HOME SECRETARY

Voluntary Sector

- review Departments' support for voluntary
organisations with the aim of identifying those
most effective in bringing about lasting
regeneration (Recommendation 10)
DTI
DoE
DE/MSC
DHSS
DES

SECRETARY OF STATE FOR EDUCATION

Other Depts
involved

Education and School/Employer links

- set up body to promote parents' choice in inner city areas (Recommendation 2)

- strengthen school/employer links through for example London Compact type arrangements; linking job opportunities to minimum educational attainment and attendance (Recommendation 5)

DTI
DE/MSD

REG POL Inner Cities : pt 9.

SECRETARY OF STATE FOR EDUCATION



URBAN POLICY INITIATIVES IN ENGLAND

As at July 1987

★ URBAN DEVELOPMENT CORPORATIONS

- | | |
|--------------------|-----------------|
| a London Docklands | d Teesside |
| b Merseyside | e Tyne and Wear |
| c Trafford Park | f Black Country |

▲ ENTERPRISE ZONES

- | | |
|-------------------|---------------------|
| A Corby | J Salford/Trafford |
| B Dudley | K Scunthorpe |
| C Glanford | L Speke (Liverpool) |
| D Hartlepool | M Telford |
| E Isle of Dogs | N Tyneside |
| F Middlesbrough | O Wakefield |
| G N.E. Lancashire | P Wellingborough |
| H N.W. Kent | Q Workington |
| I Rotherham | |

ASSISTED AREAS (As at 29.11.84)

- | | |
|--|--|
| Development Areas | |
| Intermediate Areas | |
| Derelict Land Clearance Areas (As at 1.1.85) | |
| Standard Regions | |



URBAN PROGRAMME AREAS

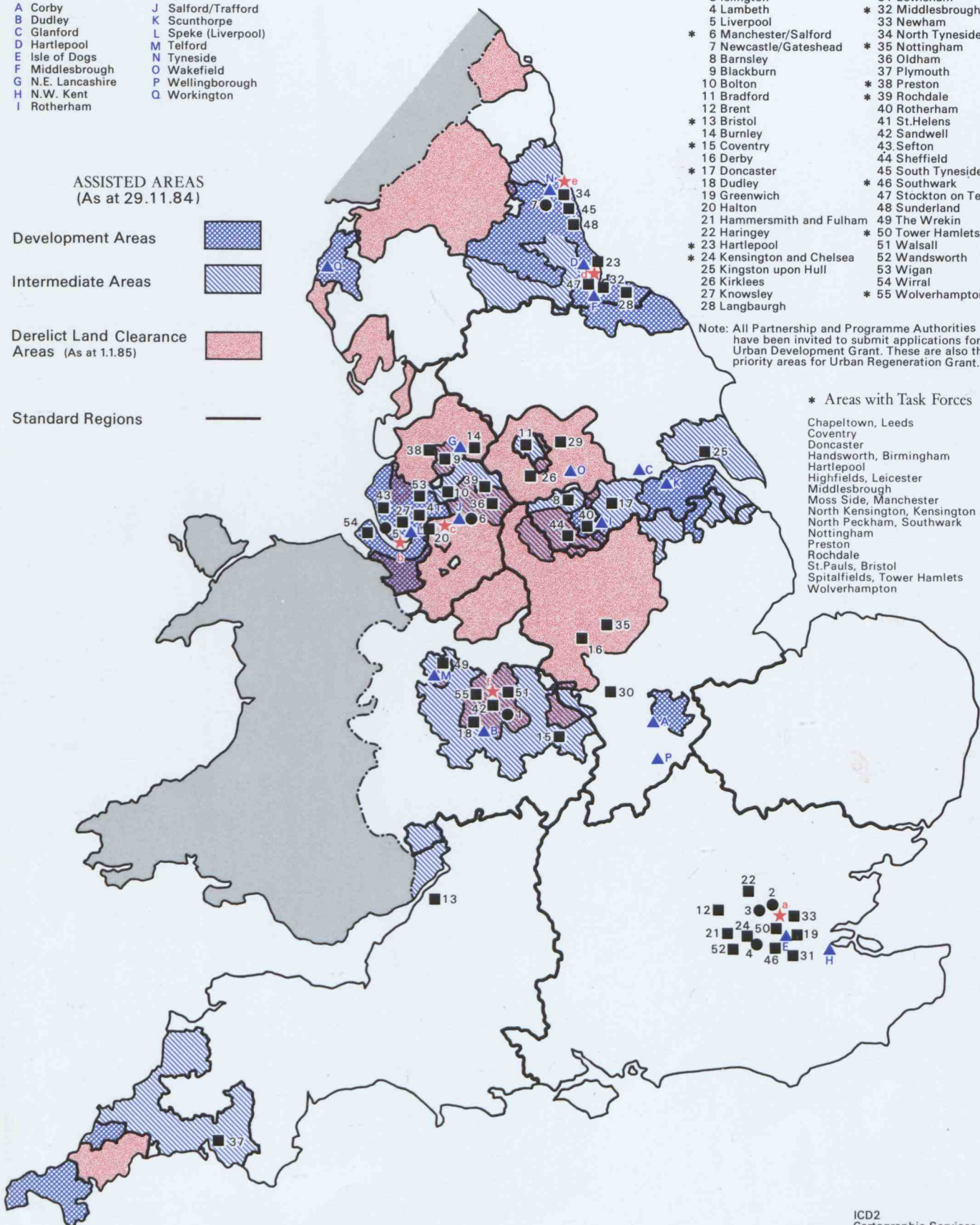
- Partnership/City Action Team Areas
- Other Programme Areas

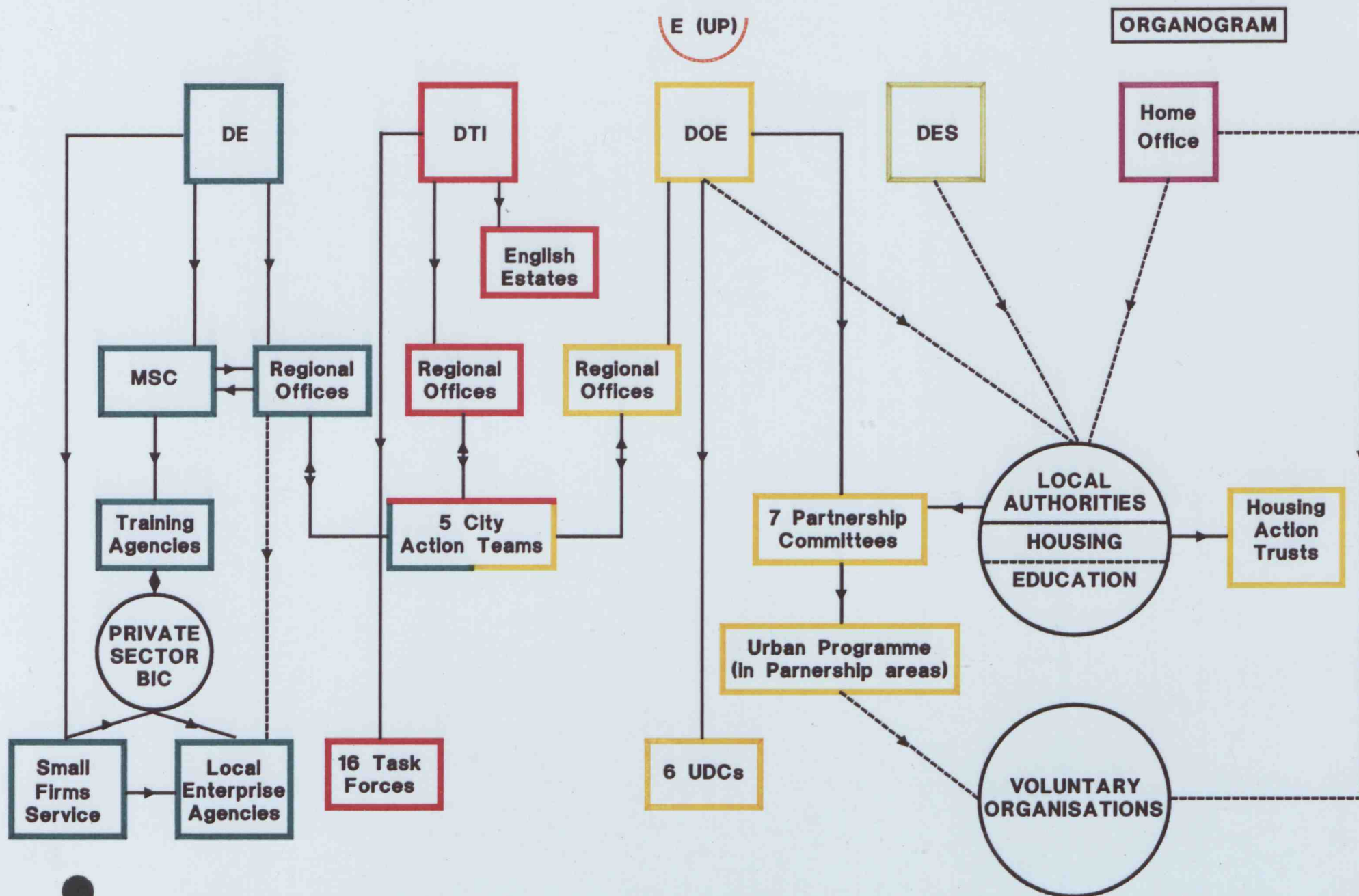
- | | |
|-----------------------------|-----------------------|
| * 1 Birmingham | * 29 Leeds |
| * 2 Hackney | * 30 Leicester |
| * 3 Islington | * 31 Lewisham |
| * 4 Lambeth | * 32 Middlesbrough |
| * 5 Liverpool | * 33 Newham |
| * 6 Manchester/Salford | * 34 North Tyneside |
| * 7 Newcastle/Gateshead | * 35 Nottingham |
| * 8 Barnsley | * 36 Oldham |
| * 9 Blackburn | * 37 Plymouth |
| * 10 Bolton | * 38 Preston |
| * 11 Bradford | * 39 Rochdale |
| * 12 Brent | * 40 Rotherham |
| * 13 Bristol | * 41 St. Helens |
| * 14 Burnley | * 42 Sandwell |
| * 15 Coventry | * 43 Sefton |
| * 16 Derby | * 44 Sheffield |
| * 17 Doncaster | * 45 South Tyneside |
| * 18 Dudley | * 46 Southwark |
| * 19 Greenwich | * 47 Stockton on Tees |
| * 20 Halton | * 48 Sunderland |
| * 21 Hammersmith and Fulham | * 49 The Wrekin |
| * 22 Haringey | * 50 Tower Hamlets |
| * 23 Hartlepool | * 51 Walsall |
| * 24 Kensington and Chelsea | * 52 Wandsworth |
| * 25 Kingston upon Hull | * 53 Wigan |
| * 26 Kirklees | * 54 Wirral |
| * 27 Knowsley | * 55 Wolverhampton |
| * 28 Langbaurgh | |

Note: All Partnership and Programme Authorities have been invited to submit applications for Urban Development Grant. These are also the priority areas for Urban Regeneration Grant.

* Areas with Task Forces

- Chapelton, Leeds
- Coventry
- Doncaster
- Handsworth, Birmingham
- Hartlepool
- Highfields, Leicester
- Middlesbrough
- Moss Side, Manchester
- North Kensington, Kensington and Chelsea
- North Peckham, Southwark
- Nottingham
- Preston
- Rochdale
- St. Pauls, Bristol
- Spitalfields, Tower Hamlets
- Wolverhampton







CABINET OFFICE

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270 0069

David Margrave King, 24/9
No 10.

Dear David, ^{pr}
Inner Cities

I attach the final draft, though there are one or two sentences I want to change before it circulates tomorrow morning. I should be happy to take on board any thoughts for your first thing tomorrow. I return the previous draft which you may find helpful. Yours
Kevin Sweeney

INNER CITIES REPORT: MAIN ISSUES AND RECOMMENDATIONS

Paragraphs
in main
report

1. This report discusses what is being done, and what further steps might be taken, to mobilise the economic resources of inner cities. The report concentrates on:

- extending markets and widening people's choices;
- raising business confidence;
- improving motivation and skills;
- encouraging enterprise and development.

2. The main issues are:

(a) "Inner cities" - definition: "Inner cities" describes areas so different, from Brixton to Middlesbrough, that the phrase is misleading. This makes the Government's task of explaining its policies more difficult. Motivation, enterprise, business confidence, market disciplines are needed in all areas. But there is advantage in presenting positively the differences between inner city areas, and emphasising the distinct but mutually supporting contributions of many Departments.

(b) Objectives: the aim of urban policy is:

"to restore people's pride in their cities as better places in which to live and work".

This aim is underpinned by a number of objectives, from improving motivation and skills to tackling dereliction and encouraging business confidence. The inter-dependence of objectives means that progress has to be made on a number of fronts together. Effective co-operation is required between the many

101-117

4-9

organisations, including Departments, involved.

12-17

- (c) Radical change in local government services: the changes the Government has set in hand to extend markets and competition disciplines will open up new business opportunities. Priority should be given to inner cities in extending competition, and in encouraging local firms to bid for contracts.

18-21

Changes in major local authority services - education and housing - will only have their full impact in inner cities if special promotional efforts are made. These would be to encourage tenants and parents to take up opportunities on offer.

22-26

- (d) Improving motivation and raising skills: training and enterprise support programmes illustrate the need to strike the right balance between applying a national programme with standard yardsticks in very different areas, and ensuring that in the more difficult areas the programmes are effective. More intensive effort has to be made in inner city areas to break the cycle of fatalism, apathy and low take-up. This means ensuring that the quality of programmes is adequate, with possibly less emphasis on quantity.

35

36-41

- (e) Tackling rundown council estates: the large council estates, of which there are about 2,500 in the Country, will steadily improve with the changes in management and ownership. Much needs to be done meanwhile to address the problems of unemployment, apathy, vandalism and the fear of crime which are experienced in far too many of these estates. It is likely that better progress would be made if there were joint action to target relevant programmes on

these estates - improving employability and motivating people back into work, encouraging tenant participation in the upkeep of their estates, crime prevention initiatives.

42-45

(f) Voluntary organisations: Government support for the voluntary sector has grown substantially and they are especially prominent in inner cities. It is not easy to ensure that worthwhile organisations with appropriate outputs are selected for funding support. A review of funding criteria and processes should be carried out, coupled with examining whether grant support should be used to encourage trading activities by voluntary organisations.

58-65

(g) Bringing land into use and stimulating development: information about vacant land in inner cities is being improved but the workings of the land market would be improved if there were more systematic information available publicly about landownership. This could be confined to the public sector. A Land Disposal Agency, and additional obligations on local authorities to release land, are ways to help mobilise the land market but more detailed examination is required.

66-73

The Government have developed a range of ways to stimulate development where markets are weak. Developers prefer tax incentives to negotiated grants but the former reduce fiscal neutrality and, as the Enterprise Zone evaluation has found, can be expensive. It would be possible to target incentives much more precisely and reduce their number as compared to the EZ regime. The period over which the incentives were available could also be sharply reduced.

78-81

(h) Central Government organisation at local level. The advantages of the mutual support that different inner city initiatives run by different Departments can only be realised if Departments liaise about their implementation. City Action Teams, based in selected Regional Offices, have a vital role to play in improving contacts between Departments. The experiment in Yorkshire and Humberside region of adding to the number of Departments involved should be evaluated before it is tried more widely. No attempt should be made to revive the fading Partnership Committees with selected local authorities but nor should the Government terminate these arrangements. Task Forces are intensive localised direct Government initiatives to improve employability and enterprise in selected communities. Their aim should be to gradually build up competent, free-standing, locally based organisations to carry forward their work.

75-77

82-85

(i) Involving companies: across the range of inner city initiatives the involvement of companies is becoming much more substantial. Organisations such as Business in the Community and the CBI play, or should play, an important role in getting information across to their company members what are the possibilities and benefits of companies' participation. A Government Statement about inner cities policy would be helpful in setting the scene for companies and others. Where Departments are promoting complementary activities which require companies' participation they should review the case for joint publications and approaches.

56-57

Seems
Contradictory

86-100

(j) Selecting areas and measuring progress: for Government to select target areas can give the wrong impression; it is for local people and local businesses to bring forward initiatives. Against that background, there would be advantage in a more deliberate approach to grouping Government projects to take advantage of the benefits of initiatives supporting each other. Departments need to agree what would be the priority areas, which are the relevant programmes and initiatives, and how success might be evaluated.

101-117

(k) Presenting the policy. The full range of inner city policy needs to be presented effectively and carefully. Certainly particular themes or objectives - such as motivation and self-help and reducing unemployment - can be emphasised. But a place has to be found in presenting the policy to put across other achievements and proposals; tackling dereliction, improving local government, dealing with crime and disorder, increasing choice in housing and education. Clear improvements can be made in presenting the policy, including the preparation of an authoritative policy statement to replace the 1977 White Paper, better co-ordination of speeches and visits, taking credit for packages of projects which make a clear and substantial impact.

Public Expenditure

3. As far as possible this report does not make proposals for increases in public expenditure. The intention has been not to cut across current public expenditure discussions.

omit.

Where proposals are discussed, the extent to which it is possible to redirect expenditure within existing resource totals requires further work.

Take out the
u g t is
recommended

LIST OF RECOMMENDATIONS

C. RADICAL CHANGE IN LOCAL SERVICES: COMPETITION AND CHOICE

- (1) It is recommended that the phasing in of the competition requirements favours inner cities. Local authorities should also be required to break down the tasks and services to be carried out. This would reduce the risk of smaller local companies being squeezed out in the competitive bidding process by larger national companies. (Page 5, para. 17.)
- (2) It is recommended therefore that DOE and DES bring forward proposals to:

(a) explain to target groups - tenants or parents - the opportunities offered through changes of landlord or changes in schools' status;

(b) advise groups on what precisely they have to do to take advantage of these opportunities;

(c) offer continuing support in the long and complex process of change;

(d) counter hostile propaganda or blocking tactics by local authorities or other local bodies. (Page 6, para. 19.)

D: IMPROVING MOTIVATION AND RAISING SKILLS

- (3) It is recommended that, subject to monitoring of the MSC's present inner cities' initiatives and to their own current consideration of YTS in inner cities, that the more intensive work as listed in Annex D is developed. Clearly, unit costs would be increased and within given resource totals diversion of resources would be required. But the effectiveness of training

and other schemes in the inner cities should be improved. The withdrawal of benefit will influence YTS take up but this may not provide sufficient incentive. Organisations, such as Project Fullemploy, with a good record in training young people who are hard to motivate, should be used more extensively by MSC, if necessary at the expense of other training agencies. (Page 8, para. 26.)

- (4) It is recommended that there should be a combination of both tougher rules on travel requirements and increases in travel cost allowances. (Page 8, para. 27.)
- (5) These CTC and Compact initiatives offer models which should be reproduced. Involvement of companies in inner city schooling to this degree is unprecedented. It is an important building block in the wider aim of involving the private sector in tackling inner cities problems. (Page 9, para. 29.)
- (6) It is recommended that the London City Action Team review with LDDC, local employers, Careers Service and training organisations what improvements can be made to match training and skills required. It is important that the very substantial achievements in regenerating redundant Docklands is matched by good working of the local labour market. This can be done in ways consistent with the Government's contract compliance policies. The lessons learnt can be applied elsewhere. (Page 9, para. 31.)
- (7) It is recommended, though this would increase costs, that DE/MSD and DES should bring forward proposals for a more intensive follow-up of those identified as needing further basic education or training. Computers and videos offer a particularly effective method of teaching basic skills. (Page 10, para. 33.)
- (8) It is recommended that DE review, in the light of MSC's present

experience, whether the balance between the quality of provision in inner city areas, and the quantity of such provision is right. (Page 10, para. 35.)

E. TACKLING RUNDOWN COUNCIL ESTATES

(9) It is recommended that City Action Teams organise experiments on a number of estates to apply jointly:

- outreach work by MSC to encourage unemployed people to take up training and other opportunities;
- crime prevention initiatives proposed by the Home Office;
- upgrading of estates and improved management funded through Estates Action;
- encouragement of local enterprise through Community Business initiatives (subject to the findings of the Scottish Office evaluation). (Page 12, para. 40.)

Such a joint programme is not of itself dependent on additional resources. What it does require is some steering of the location of initiatives. (Page 12, para. 41.)

F. THE VOLUNTARY OR NOT-FOR-PROFIT SECTOR

(10) It is recommended that the Home Office considers, with other Departments, the purposes for which voluntary organisations are funded with particular reference to the Government's inner city objectives and the need to build up effective local groups. The review should also consider the merits of changing the rules on grant clawback. (Page 14, para. 45.)

G. SUPPORTING START-UPS AND SMALL FIRMS

- (11) It is recommended that measures to improve LEAs are pursued by DE and BIC. Grant support for LEAs may need to be restructured, both to encourage amalgamation and to adapt the matching funds rule. This could require additional public expenditure of about £½m. (Page 17, para. 54.)
- (12) It is recommended that Departments consider whether the Government should publish a summary of how companies are becoming involved and how Government supports this. This could complement a Government Statement. (Page 18, para. 57.)

H. BRINGING LAND INTO USE AND STIMULATING DEVELOPMENT

- (13) It is recommended that DOE, together with LCD, bring forward proposals to require landowners, possibly only those in the public sector, to make public what land they own. This would overlap with information held on the Land Registers but the public would be able to judge whether the decisions taken on what was unused land were correct. (Page 20, para. 63.)
- (14) It is recommended that DOE examine the merits of a land disposal agency. (Page 20, para. 64.)
- (15) It is recommended that, in the light of the Audit Commission's findings, DOE consider the following:

(i) local authorities to be required to publish information about their land holdings in a form specified by the Secretary of State;

(ii) LAs to be required to review purpose of ownership and public review, including projected dates of bringing unused land into use or offering it for sale, and current impediments to use;

(iii) LAs to be required to dispose of unused land where there is no reasonable prospect of it being brought into use within a reasonable period. (Page 21, para. 65.)

- (16) Given the interlocking role of Departments to stimulate economic development, it is recommended that the relevant Departments review the range of publications addressed to private companies and developers to see whether a joint marketing effort would be sensible. (Page 23, para. 71.)

I. CENTRAL GOVERNMENT INITIATIVES AT LOCAL LEVEL

- (17) It is recommended that, subject to evaluation and manpower constraints, DOE and other Departments consider whether expanded City Action Teams be more widely applied. (Page 26, para. 81.)
- (18) It is recommended that the main medium term job for the Task Forces is to build up freestanding, viable local organisations to continue the projects, expand them, and develop new ones. (Page 27, para. 85.)

J. TARGETING SPECIFIC AREAS AND MEASURING PROGRESS

- (19) It is recommended therefore that there should be further work to:
- (a) agree arrangements by which Departments could keep in touch about proposed area-based urban initiatives;
 - (b) identify about 20 areas to guide Departments in which Government initiatives might be concentrated; "before" and "after" records should be kept.
 - (c) assess the economic potential of target areas, and decide which mix of projects is most likely to lead to the desired improvements. The objective of the work would be to improve the mix and targetting of policies, and the

desired improvements. The objective of the work would be to improve the mix and targetting of policies, and the balance between types of activity;

(d) refine the methodology for the comparative evaluation of employment measures which has already been developed - notably by the inter-Departmental Manpower Group, giving full weight to the policy to secure targetted impact on local labour markets and specific groups, the need to secure lasting job generation, and to the mixed outputs of various programmes (for example those securing asset creation and land reclamation as well as jobs).

(e) define areas of reference for the measurement of urban change, agree key indicators and commission or adapt existing surveys to produce the necessary data.

(Page 31, para. 100.)

K. PRESENTING THE POLICY

(20) It is recommended that there should be reference in individual announcements to urban policy themes, and the way a particular proposal flowed from one or more of those themes should be emphasised. (Page 33, para. 107.)

(21) It is recommended that Ministers have available short, succinct, regularly updated, bull points on the Government's urban policy, supported by key facts. This not only would help to put individual Departments' contribution in context, but would provide an efficient means to help Ministers get across the interlocking themes. (Page 33, para. 108.)

(22) It is recommended that City Action Teams ensure that relevant Departments are aware of Ministerial visits in their region. It is recommended that the logo design is formally endorsed by

relevant projects. (Page 34, para. 112.)

- (23) It is recommended that City Action Teams prepare joint briefing documents which can be used to inform local journalists and form inputs to Ministerial briefing. It is essential that the Regional Directors of COI are fully involved in their preparation. (Page 35, para. 114.)
- (24) It is also recommended that Regional Directors hold regular briefings with journalists to update them regularly about Government initiatives at local level. (Page 35, para. 115.)
- (25) It is recommended that there should be a Government Statement on inner cities policy. It could be relatively low key as a traditional White Paper. Or, it could attempt to combine authority with presentability, including photographs. (Page 35, para. 117.)

INNER CITIES REPORT

Contents

- A INTRODUCTION (paras 1-3)
- B OBJECTIVES OF URBAN POLICY (paras 4-9)
- C RADICAL CHANGE IN LOCAL SERVICES (paras 10-21)
- D IMPROVING MOTIVATION (paras 22-35)
- E TACKLING RUNDOWN ESTATES (paras 36-41)
- F VOLUNTARY SECTOR (paras 42-45)
- G SUPPORTING START-UPS AND SMALL FIRMS
(paras 46-57)
- H LAND AND DEVELOPMENT (paras 58-73)
- I CENTRAL GOVERNMENT INITIATIVES AT LOCAL LEVEL
(paras 74-85)
- J SELECTING AREAS AND MEASURING IMPACT
(paras 86-100)
- K PRESENTING THE POLICY (paras 101-117)

INNER CITIES REPORT

A. INTRODUCTION

1. This report discusses what is being done, and what further steps might be taken, to mobilise the economic resources of cities. The report concentrates on

- extending markets and widening people's choices
- raising business confidence
- improving motivation and skills
- encouraging enterprise and development.

2. "Inner cities" is a label used to describe many different issues and many different areas - the inner areas of the conurbations where there is often a significant ethnic population, older manufacturing towns, and out of town council estates. The differences between areas like Sunderland and Handsworth are marked despite their common experience of economic transition and dislocation. "Inner cities" therefore can be a misleading phrase used to mean different things in different contexts.

3. The Government support and foster a great deal of activity in the inner cities. There is a need to consolidate existing programmes and initiatives, and improve their relevance and local impact. New initiatives are proposed in this report but the main task should be making what is already in place work better.

B. THE OBJECTIVES OF URBAN POLICY

4. The aim of urban policy is:

"to restore people's pride in their cities as better places in which to live and work".

Policy objectives

5. The Government's objectives which underpin this overall urban policy aim are to

- extend market and competitive disciplines, and widen choice especially in housing and education;
- tackle dereliction and encourage business confidence and development;
- improve motivation, employability and skills;
- reward initiative and encourage enterprise;
- maintain social order and a stable urban society;

These objectives mirror the urban policy themes proposed in the Interim Report.

6. These objectives are interdependent. Their joint achievement is necessary for any city to be successful. The emphasis given to particular objectives will vary, area by area, reflecting different local conditions. In some areas a greater emphasis might be required on improving employability and skills, for example in inner London where the demand for particular skills is high. In the North East towns, on the other hand, new business activity needs to develop. Ministers could select particular priorities; for example, they may wish to encourage business development not in the worst areas but where prospects are better; or to give enterprise among ethnic minorities a high priority.

7. The interdependence of objectives means that:

- (a) progress has to be made, and be seen to be made, along a number of fronts simultaneously. Growth in new businesses needs to be accompanied by tackling dereliction and improving education and skills. If not, progress in one field will be held back and overshadowed by remaining difficulties in others;
- (b) assessing best buys and cost effectiveness is difficult because of the large number of variables (some difficult to measure) which have to be taken into account;
- (c) effective cooperation is required between the many organisations, including Departments, involved.

The relevant Government programmes

8. There are national policies and programmes that will have a crucial impact on inner cities. They include the radical and far-reaching reforms to improve local authority efficiency and accountability, encourage competition, diversify rented housing and improve education standards. The Government has also taken measures aimed at strengthening social order and reducing crime. It is in the inner city areas where these improvements are most needed.

9. There are many programmes deliberately targeted on selected urban areas and problems. They include the Urban Programme, Urban Development Corporations, City Technology Colleges, Task Forces, crime prevention initiatives, tourism initiatives. They all help to bring about improvement in local urban areas and provide models to show what can be done. The list of inner city areas selected by the Government - 57 Urban Programme areas, 5 City Action Team areas, 16 Task Force areas / - and how they relate to each other is at Annex A. Departments' / programmes which are targeted on selected urban areas and problems are listed, with 1986/87 expenditure at Annex B.

C. RADICAL CHANGE IN LOCAL SERVICES: COMPETITION AND CHOICE

10. The worst performing and most inefficient local authorities are generally in the inner cities, as shown in Annex C. There is also a correlation between these areas and poor educational achievement.

11. The financial difficulties and poor management quality of some urban authorities, particularly in inner London, are well known. The scale of deferred purchase arrangements, the excess of revenue expenditure over GRE levels, the rate of loss of experienced staff suggest that their performance will continue to get worse over the next year or two. If there were a financial crisis in some London authorities that would provide an opportunity to implement new ways to run local services.

The Government's radical changes

12. The Government has launched a programme of radical and far-reaching changes in the way major local authority services - education and housing - are delivered. Equally important are changes to improve the efficiency and accountability of local authorities, and to extend markets and competitive disciplines in such areas as refuse collection, street cleaning and catering.

13. The aim is for authorities to be more responsive to local people's wishes, and more efficient, with reduced functions and a corresponding increase in market-led provision. This is a major change from the 1977 Inner Cities White Paper which saw local authorities as the key agents in the delivery of urban policy. They are now, in some areas, part of the problem. Others will now play increasingly important roles: private companies will compete in the new markets, consumers will have more influence on service delivery, and Government agencies will help local regeneration.

14. For the foreseeable future, however, local authorities will continue to have a major though steadily diminishing role in inner

cities. Their provision of services, particularly in helping those who have difficulty in providing for themselves, will be essential. Statutorily, they are the conduit for many programmes including those specific to inner city areas. Many initiatives which the Government welcome, such as the development of local enterprise agencies, are highly dependent on local authority financial support.

Timescale

15. These changes will have a major impact in the inner cities especially where the local authority is the major employer, major landlord and significant landowner. The timescale of change is at present uncertain. No assessment can yet be made on the rate of non-local authority investment in rented housing, in companies' taking over service provision, and in parents and schools taking advantages of the new choices offered.

Inner city implementation

16. Priority should be given to the inner cities in implementing these radical changes. It is in these areas where the opening up of markets and new opportunities to encourage enterprise are most needed.

17. It is recommended that the phasing in of the competition requirements favours inner cities. Local authorities should also be required to break down the tasks and services to be carried out. This would reduce the risk of smaller local companies being squeezed out in the competitive bidding process by larger national companies.

Housing and education changes

18. Similarly, priority could be given to the inner cities in implementing the radical housing and education changes. Many of these changes will be implemented across the board. Others, such as the right of tenants to opt for a new landlord and for schools to become grant maintained, depend on tenants and parents taking advantage of what is

on offer. There is no guarantee that in the inner cities, where these changes are badly needed, people will take full advantage of them.

19. It is recommended therefore that DOE and DES bring forward proposals to:

- (a) explain to target groups - tenants or parents - the opportunities offered through changes of landlord or changes in schools' status;
- (b) advise groups on what precisely they have to do to take advantage of these opportunities;
- (c) offer continuing support in the long and complex process of change;
- (d) counter hostile propaganda or blocking tactics by local authorities or other local bodies.

20. DOE are considering how this might be done. An organisation could be run by the Housing Corporation, or be jointly organised by Building Societies, larger housing associations, and the British Property Federation. A small grant from Government might be useful to help set it up though the above organisations could be motivated by self-interest to take the initiative themselves.

21. Similarly, DES are considering the idea of setting up an independent association or trust. This would be an advisory body for parents and provide information about the establishment of grant maintained schools. It would also be a continuing source of advice for governors of such schools.

D. IMPROVING MOTIVATION AND RAISING SKILLS

Training and employment programmes, and the inner cities

22. The distribution of resources and places for training and employment programmes is in line with people's eligibility, and unemployment. On this pro rata basis high unemployment areas, including inner cities, receive greater support than more prosperous areas. This year, MSC have increased their support in selected Task Force and City Action Team areas, and this is summarised in Annex D. Such increased support is necessary if the output of inner city training and employability schemes is going to get nearer the national average.

23. Training and other programmes in inner cities are less successful than those elsewhere when assessed by job placement or drop-out rates. The schemes may improve employability, so these tests are not the only relevant ones. Job prospects are relatively poor so it is not surprising if placement rates are lower. Also, there are fewer good companies able to offer training places and the organisers of schemes are often local authorities or voluntary organisations. Their support is essential for running schemes, but they are less able to offer a job at the end of training and do not have companies' commercial approach.

Motivation and Outreach

24. 40-50,000 young people who are eligible for YTS fail to take up training opportunities each year. They will have more incentive to do so when benefit is withdrawn. The proportion of these who are inner city dwellers is not known, but it is likely to be high. Their resistance to training is probably associated with poor performance at school, and low expectations fuelled by relatively high local unemployment rates. Both for their own sakes, and to help social stability, they need to be encouraged to take up the opportunities on offer. This is why MSC's special inner city efforts include locally based outreach work to build up direct contacts with young people.

25. Young black people are particularly hard to reach. They may be faced with peer group pressure which encourages their scepticism, not to say hostility, to training schemes. But they are influenced by what they know of racial discrimination in the job market and special efforts are required to make sure that they do not become increasingly alienated. MSC are already working with organisations such as Project Fullemploy who have a good track record in training young blacks.

26. It is recommended that, subject to monitoring of the MSC's present inner cities' initiatives and to their own current consideration of YTS in inner cities, that the more intensive work as listed in Annex D is developed. Clearly, unit costs would be increased and within given resource totals diversion of resources would be required. But the effectiveness of training and other schemes in the inner cities should be improved. The withdrawal of benefit will influence YTS take up but this may not provide sufficient incentive. Organisations, such as Project Fullemploy, with a good record in training young people who are hard to motivate, should be used more extensively by MSC, if necessary at the expense of other training agencies.

Mobility

27. There is anecdotal evidence that those eligible for training do not help themselves through their reluctance to travel very far from where they live. This can be a particular problem in the inner cities where good training opportunities, especially with companies, might be several miles away. It is recommended that there should be a combination of both tougher rules on travel requirements and increases in travel cost allowances.

Education and jobs

28. TVEI, and Education/Industry links help to make schools and colleges more aware of companies and business priorities. City Technology Colleges will also break down barriers between schools and the business world, and influence the pattern of education by

encouraging relevant skills. The London Compact between major companies and schools in London Docklands is a significant step not only in improving schoolchildren's motivation but also in encouraging direct links between local businesses and schools.

29. These CTC and Compact initiatives offer models which should be reproduced. Involvement of companies in inner city schooling to this degree is unprecedented. It is an important building block in the wider aim of involving the private sector in tackling inner cities problems.

Improving the working of local job markets

30. The education/business links and other programmes will improve the working of local job markets. There are further steps which can be taken. There is evidence that the expectations which people get from their inner city schooling, the training provided in local colleges, and the requirements of local companies can be better matched. In London Docklands, with a fast growing job market, more could be done to match people's skills with what companies need. The Development Corporation has already begun to shift its priorities to include not only physical regeneration but also better links between jobs and skills. The Canary Wharf Company have committed themselves to employing local people and are taking a direct interest in training for skills.

31. It is recommended that the London City Action Team review with LDDC, local employers, Careers Service and training organisations what improvements can be made to match training and skills required. It is important that the very substantial achievement in regenerating redundant Docklands is matched by good working of the local labour market. This can be done in ways consistent with the Government's contract compliance policies. The lessons learnt can be applied elsewhere.

The long term unemployed: improving employability

32. The changes in the Employment Service are designed to improve programmes to help the long term unemployed back into jobs. As part of this, Restart interviews are a major initiative with contact being made with nearly all the long-term unemployed. Though the interviews have particular purposes and, together with any follow-up, cannot become too elaborate, they are revealing very useful information which should be exploited.

33. For example, the interviews are showing that illiteracy in some areas as high as 30% for adults unemployed for more than a year. Their employment prospects would be much improved if further steps were taken to encourage basic education. It is recommended, though this would increase costs, that DE/MSD and DES should bring forward proposals for a more intensive follow-up of those identified as needing further basic education or training. Computers and videos offer a particularly effective method of teaching basic skills.

34. Improving employability of the long term unemployed is also assisted by the Community Programme. Last year's Scrutiny of the Programme recommended an improved training content and steps to recruit better quality managing agents. With the relaxation in the "no private gain" rule and some relaxation in cost limits private companies are now running schemes.

35. Given the circumstances in inner cities the application of standard national programmes is likely to have less good results. Present evidence suggests that special efforts, at higher unit cost, have to be made to get to those young people who need training, to improve employability of the long-term unemployed, and to involve private companies. It is recommended that DE review, in the light of MSD's present experience, whether the balance between the quality of provision in inner city areas, and the quantity of such provision is right.

E. TACKLING RUNDOWN COUNCIL ESTATES

36. 80% of the unskilled live on council estates as do 44% of the unemployed. The location of housing estates has reinforced urban decline. The majority of estates, especially large ones, have been built in the inner parts of cities and conurbations, or on their periphery. This group of people with low skills and with little housing mobility have poor local job prospects given the fall in demand for unskilled labour.

37. The radical housing changes, including setting up Housing Action Trusts, will break up the large council estates, improve their management, raise tenants' morale, and improve mobility. There are, however, about 2,500 large estates with, on average, 500 dwellings each where these changes will only have a gradual impact.

38. People living on such estates face a number of problems - unemployment, poor housing conditions, inadequate management, vandalism and criminal behaviour. Crime prevention, improvement to estates, involving tenants in management, motivating unemployed tenants back into work will succeed better if they are applied jointly.

Community business

39. Community businesses (set up as trading organisations but with wider objectives, not simply maximising profit) could play a useful part in the attack on rundown council estates by providing local services. Through such businesses tenants can run local shops and they provide a way to involve tenants in the upkeep of their estates. In some of the more sophisticated community businesses in Scotland the tenants themselves provide a security force, landscaping, minor repairs as well as retail and other activities on behalf of the estate. Scottish Office have commissioned an evaluation of Community Business to examine whether subsidies provided are cost effective. Adult education can also contribute to providing tenants with knowledge and expertise of local mechanisms by which small enterprises can start-up successfully.

Experiments in joint action

40. It is recommended that City Action Teams organise experiments on a number of estates to apply jointly:

- outreach work by MSC to encourage unemployed people to take up training and other opportunities;
- crime prevention initiatives proposed by the Home Office;
- upgrading of estates and improved management funded through Estates Action;
- encouragement of local enterprise through Community Business initiatives (subject to the findings of the Scottish Office evaluation).

41. Such a joint programme is not of itself dependent on additional resources. What it does require is some steering of the location of initiatives.

F. THE VOLUNTARY OR NOT-FOR-PROFIT SECTOR

42. Government support, nationally, for the voluntary sector has grown substantially since 1979, from £87m to £267m (1985/86). In addition MSC support training and other schemes through the voluntary sector, especially in the inner cities, at a cost of £506m (1985/86). The sector has become more salaried, non-statutory than voluntary in its strictest sense. Voluntary organisations play a disproportionate role in many inner city areas.

Building up key voluntary groups

43. Departments already fund voluntary groups which have a proven track record. Implementation of the FMI with associated appraisal has improved Departments' assessment. Sometimes, however, support is offered to the most articulate or well organised groups, not always representative of their community. There is too little systematic identification and support of local groups or individuals with the most potential to contribute to Government's urban policy. There are groups whose capacity could be deliberately built up over time which represent responsible forces in the community and have the ability to build on initial public pump priming.

Grant clawback

44. Care is taken in the funding of voluntary organisations to try and ensure that the taxpayer does not unfairly subsidise any local trading activity by such organisations which would then offer unfair competition to other traders. If a grant-aided voluntary group partly engages in commercial activity, and builds up its trading income, grant support can be withdrawn pro-rata. This has two consequences: grant aided groups attempt to absorb the growth in income through expansion of other activities, and the development of freestanding commercial activities by local groups is inhibited. In the United States there is evidence that the opposite approach is used with some success - grant aided groups are encouraged to adopt a businesslike approach and to

expand through trading activities.

45. It is recommended that the Home Office considers, with other Departments, the purposes for which voluntary organisations are funded with particular reference to the Government's inner city objectives and the need to build up effective local groups. The review should also consider the merits of changing the rules on grant clawback.

G. SUPPORTING START-UPS AND SMALL FIRMS

46. The Government have already done much to encourage start-ups and small firms - Enterprise Allowance Scheme, Loan Guarantee Scheme, grants for Local Enterprise Agencies, finance for managed workshops through the Urban Programme, deregulation initiatives are some of many examples.

47. From 1980 to 1986 VAT registered businesses increased by 179,000 net. From 1979 to 1986 self employment increased by 38% from 1.9 to 2.7m, and of these 275,000 were aided into self-employment through the Enterprise Allowance Scheme. Between 1982 and 1984 about 1m extra jobs were created in small firms employing less than 20 people.

48. Small businesses have to be resilient and competitive. VAT statistics show that 50% of businesses fail within 5 years. There are at present no separate figures for inner city areas. What is clear is that many such areas have lost businesses particularly because of the shake out of uncompetitive older manufacturing concerns. Small businesses flourish in areas where there is a network of larger businesses from whom they can get contracts.

Regional assistance and inner cities

49. Regional Industrial Assistance has supported firms on an Assisted Area, not inner cities, basis. Procedures have been introduced for making selective regional assistance grants more user-friendly for smaller firms in inner cities and elsewhere. The Business Improvement Service offers financial support for consultancy advice for firms employing less than 200 and semi-automatic investment grants for firms employing less than 25. DTI are considering the targeting of this and other schemes more on the inner cities, bearing in mind the need for European Commission clearance of new or extended industrial support measures outside Assisted Areas.

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Enterprise Agencies

50. Local enterprise agencies (LEAs) illustrate what can be done to support inner city business growth. There are now about 250 LEAs providing private sector led support for start-ups and small firms. Most inner city areas are covered by LEAs. DE provides grant support which depends on matching private sector contributions. Business in the Community (BIC) have encouraged companies to sponsor and fund them. Most inner city LEAs are heavily dependent on local authority support. LEAs therefore are a joint programme by Government, local authorities and the private sector.

51. LEAs are valuable and could become the core of a network of local business support. The rapid growth of LEAs means that their quality varies. In some inner city areas the agencies offer only a basic advisory service. DE are discussing with BIC how to strengthen LEAs with the emphasis away from maximising numbers towards a better, concentrated effort. A consultants' study commissioned by DE points to this need. The aim would be to use grant incentives and BICs influence to:

- (a) encourage weaker LEAs to merge with stronger ones;
- (b) avoid duplication of local effort and improve cross referral to other agencies - e.g. Small Firms Service, Chambers of Commerce;
- (c) provide a more comprehensive service including more backing for existing companies with the potential to expand, as well as start-ups;
- (d) strengthen commitment of companies to local regeneration.

52. The aim should be to provide inner city areas with good LEAs carrying out a broad range of functions and encouraging private companies' involvement in, for example, sponsoring managed workshops, a

loan or equity fund, youth enterprise centre, training provision, encouraging good links between small and large firms and inter-trading.

53. The LEA movement must retain its strong links with the private sector. LEAs need to become more proficient and not become creatures of Government. BIC therefore has an important role to encourage companies to increase the level of support, in cash and through secondments. The implementation of these improvements should therefore only proceed at a pace which ensures continuing, and hopefully growing, commitment by private companies. This would require discussion between DE, their local Regional Enterprise Units, and BIC.

54. It is recommended that measures to improve LEAs are pursued by DE and BIC. Grant support for LEAs may need to be restructured, both to encourage amalgamation and to adapt the matching funds rule. This could require additional public expenditure of about £½m.

Managed workshops and English Estates

55. Some private companies have sponsored managed workshops, but typically finance is provided by local authorities, often supported by Urban Programme grant. As part of the reorientation of the work of English Estates by DTI they may be asked to develop managed workshops in inner city areas. This would combine well with the improvement of LEAs.

Private companies and the inner cities

56. BIC are the best known company led organisation committed to supporting inner city regeneration. Companies help in a large number of ways and the main examples are summarised at Annex E. The CBI are preparing a publication for their members about what they can do to help in the inner cities. The City Action Teams and the Task Forces are building up close and practical links with companies to help sponsor new enterprises and provide start-up funds.

57. It is recommended that Departments consider whether the Government should publish a summary of how companies are becoming involved and how Government supports this. This could complement a Government Statement.

H. BRINGING LAND INTO USE AND STIMULATING DEVELOPMENT

58. Derelict and unused land is an obvious symptom of urban decline, and depresses business confidence. Successful development of derelict sites is an essential part of the regeneration process and a dramatic and impressive means of demonstrating urban policy success.

59. There are two main issues: how best to get land, particularly publicly-owned land, onto the market; and how to stimulate private investment where the market is weak.

Government initiatives for unused land

60. The Land Registers of public sector vacant land and the requirements placed on Government Departments and nationalised industries to dispose of surplus land, are two main ways being used to reduce public sector land holdings and help mobilise the land market. Improvements to the Land Registers' system are in hand.

Information about unused land

61. Information about unused land is scanty. There are only two reliable sources of information - Land Registers, and Derelict Land surveys. Both these sources only give a partial picture with Land Registers only including publicly owned land. Derelict Land surveys only cover public and private land which is formally assessed to be derelict - a tighter definition than simply being vacant or unused. There could be 100,000 acres of unused land in inner cities, broadly defined, but that figure is not reliable. The strength of local demand, public sector infrastructure provision and availability of grants will all influence the rate at which land is brought into use by the private sector.

New Measures

(a) Land Registers

62. The Land Registers system, which applies only to unused public sector land, will be improved through legislation now before Parliament. Using the procedures to force disposal of sites, however, will remain a staff-intensive and cumbersome exercise. There is some scope for putting part of this work out to private chartered surveyors but DOE advice to the Secretary of State whether to exercise his powers is required.

(b) Information about land ownership

63. Information about who owns what land is not generally publicly available. This lack of information contributes to inefficiency in the land market. It is recommended that DOE, together with LCD, bring forward proposals to require landowners, possibly only those in the public sector, to make public what land they own. This would overlap with information held on the Land Registers but the public would be able to judge whether the decisions taken on what was unused land were correct.

(c) New Disposals Agency

64. A new Disposals Agency could be set up in which all unused public sector land could be vested at nil immediate cost. The agency's sole task would be to dispose of the land to non-public sector bodies over a given period. Proceeds of sale would be given to the original owners. This would be seen as a draconian measure and there would be scope for argument about what land was "unused" and the compensation terms. It is recommended that DOE develop this proposition though further thought must be given to how to deal with disputes, initial exceptions, and so on.

(d) Requirements and incentives for local authorities

65. Some local authorities have very poor information about their own land holdings. The Audit Commission are currently making proposals about how to deal with this problem. It is recommended that, in the light of the Audit Commission's findings, DOE make proposals on the following lines:

- (i) local authorities to be required to publish information about their land holdings in a form specified by the Secretary of State;
- (ii) LAs to be required to review purpose of ownership and public review, including projected dates of bringing unused land into use or offering it for sale, and current impediments to use;
- (iii) LAs to be required to dispose of unused land where there is no reasonable prospect of it being brought into use within a reasonable period.

Stimulating development

66. Private sector development of vacant urban sites is encouraged by:

- grants, especially Urban Development and the new Urban Regeneration Grants; these are targeted solely on inner city areas;
- development agencies, especially Urban Development Corporations. They improve business confidence and the propensity to invest both by their single-minded business-friendly approach, and by initial public sector investment to help make subsequent private development commercially viable;

- deregulation initiatives, particularly Enterprise Zones and Simplified Planning Zones. The first SPZ has yet to be formally declared and the initiative is not confined to inner cities;
- Green Belt and development restraint policies. About 45% of development now takes place on sites previously developed or on vacant land in urban areas.

67. In addition the Scottish Development Agency plays an important role in reclaiming and stimulating development on rundown urban sites, as do the activities of the Land Authority for Wales and the Welsh Development Agency. English Estates whose activities are very largely confined to Assisted Areas also helps to bring unused land into use.

Grants v tax incentives

68. There is continuing pressure from developers, in addition to their strong support for development agencies, for tax incentives rather than grants to stimulate development. Tax incentives, for example capital allowances, are relatively easy to calculate and their impact is predictable; but they distort fiscal neutrality. Grants require developers to negotiate with local authorities, Government Departments, or both until the final decision, which may take many weeks, is known. Developers are not easily persuaded to invest time in what might turn out to be an abortive exercise.

69. There is evidence particularly from the recent evaluation of Enterprise Zones, that tax allowances can be an expensive way to stimulate business activity and employment. The particular package of Enterprise Zone benefits including 100% capital allowances for ten years and relief from paying rates for the same period. More targeted, less generous capital allowances could play a cost-effective part in stimulating business development. The Government's policy to phase out capital allowances to help ensure fiscal neutrality clearly implies increasing reliance on grants and deregulation measures as development stimulants.

70. The Government have gone some way to meet developers' concern through the new Urban Regeneration Grant which is administered direct by the Department of the Environment and, unlike Urban Development Grant does not require local authorities to be involved.

Marketing and promotion

71. Government promotion of grants on offer has been substantially improved and a number of good booklets have been produced by the relevant Departments. Given the interlocking role of Departments to stimulate economic development, it is recommended that the relevant Departments review the range of publications addressed to private companies and developers to see whether a joint marketing effort would be sensible.

United States experience

72. It is often argued that US cities have been more successful than those in this country in stimulating development and business activity in their rundown areas. One of the most well known examples is the Baltimore Harbor development which illustrates some of the key features. A previously derelict harbour now includes offices, hotels, specialised shopping and impressive tourist attractions.

73. It took 20 years, however, to complete this package. Total public sector funding has been estimated at \$330m leveraging \$375m private investment. Generous tax incentives and a wide range of Federal, State, and City grants were offered. The City Authority was certainly entrepreneurial in its approach but could, for example, waive local property taxes to encourage initial development (an option not available to any local authority in this Country) and had an incentive to increase their local tax base. Though the impact of the Rate Support Grant system is complex, to some degree such incentives are diminished in this Country through resource equalisation arrangements.

I. CENTRAL GOVERNMENT INITIATIVES AT LOCAL LEVEL

74. The Government already promotes its inner city policies at local level through:

- Partnership Committees - special inter-Departmental arrangements with selected local authorities which agree local programmes supported by Urban Programme (UP) resources;
- City Action Teams, which embody joint action by the Regional Offices of Departments;
- Task Forces, operating in 16 small areas.

Partnership committees with local authorities

75. 7 were set up in the main conurbations in the late 1970s. Local authorities were then seen as the main instrument of local regeneration. Government representation is inter-Departmental with Department of the Environment chairmanship. Since the Partnerships were formed, DOE has become steadily more interventionist to ensure cost-effective use of UP resources in line with Ministerial priorities.

76. With the deteriorating relationship between Government and many urban local authorities and greater Government intervention, the Partnership committees have become moribund. They meet less and less regularly. There is a good case for formally winding up these committees; the UP can certainly be effectively managed without them.

77. On the other hand Ministers might not want to appear to be imposing urban policy without local consultation. It might be better to allow the committees to continue but play down their significance, using them as a forum for discussion if required.

City Action Teams

78. The setting up of CATs in April 1985 was a significant step. It required the major Departments concerned - Environment, Trade and Industry, Employment/MSD - to make their inter-Departmental contacts more systematic and to ensure that the different programmes contributing to urban policy were delivered with more local coherence. Though particular emphasis has been given to quantifying Departmental activities, their main contribution has been the breaking down of barriers between Departments, spreading knowledge of how individual programmes work and developing opportunities for joint projects. CATs are an important resource which should be further exploited.

79. It is for City Action Teams to decide their own priorities following discussions with local companies and other local interests. Their work should include identifying:

- (a) sectors of the local economy where judicious Government support, financial or otherwise, is required. For example, are the business start up or small firm sectors properly supported on advice, premises, training, marketing?
- (b) areas where particular joint effort is required, for example where there is scope for improvements to particular rundown council estates through Estate Action (Environment), training (MSD), and local business support (Employment);
- (c) good projects which for one reason or another are not getting off the ground because of problems of co-ordination between agencies, grant problems or a lack of initiative from the centre.

City Action Teams should also

- (a) develop contacts with the local business sector which need to be reasonably well-structured so that the same companies are

not approached for support or for matching funds time after time.

- (b) use local business contacts to help foster links between the labour market (e.g. through company recruitment), and local training provision;
- (c) particular issues, for example key public sector infrastructure requirements can be discussed to help ensure cost effective intervention;
- (d) present Government policy and achievements. The City Action Team has an important role in conveying a coherent local message and providing properly comprehensible and comprehensive briefing for Ministers.

80. Each City Action Team has an annual budget of £1m under the Training and Employment Act 1973 which is used for a variety of purposes - to bring forward good local projects, provide matching funds to help private sector led training initiatives and so on. In general the City Action Teams welcome this provision even though concentrating on project based activity can divert management time from specific City Action Team functions.

81. In Yorkshire and Humberside an experiment is now underway to involve Departments who do not have Regional Offices (Home Office, DES, and DHSS) with the local application of policies. It is recommended that, subject to manpower constraints and careful evaluation, DOE and other Departments consider whether this approach should be more widely applied. It does, after all, reflect the range of urban policy.

Task Forces

82. Task Forces are experimental inter-Departmental organisations in 16 small areas, which improve local training and employment opportunities, and help set up relevant projects. Many of the projects

are similar to those supported by the Urban Programme or MSC, but Task Forces have distinctive features. They:

- (a) report direct to Ministers;
- (b) are encouraged not to be constrained by rules such as those governing Urban Programme, MSC projects, and other urban related programmes;
- (c) are highly proactive and staff intensive;
- (d) are opportunistic with no set local development programme - the projects stem from existing projects in the locality, from consultation with local community groups, and from the willingness of local institutions - local authorities, businesses, banks - to support Task Force work.

83. Because the Task Forces are such a high profile initiative receiving a great deal of Ministerial attention, there is a risk that they might be seen as the embodiment of urban policy in practice. But given the scale of the initiative this would put undue weight on Task Force results and would not do justice to other major Government programmes.

84. What is clear is that one important way to address the problems of targeting, motivation, continuing commitment of people and areas significantly outside the mainstream economy is through proactive locally-based small organisations.

85. It is recommended that the main medium term job for the Task Forces is to build up freestanding, viable local organisations to continue the projects, expand them, and develop new ones.

J. TARGETING SPECIFIC AREAS AND MEASURING PROGRESS

86. It is not for Government to set the pattern of investment and development in different areas. Departments respond to business needs and initiative and help create the right conditions for growth. But they will launch a large number of inner city initiatives stemming from both existing and new programmes, subject in some cases to PES bids.

/ These are listed at Annex B.

The case for an area approach

87. There are advantages in a more organised inter-Departmental approach. If projects are grouped together more deliberately they can provide mutual support. For example, a Simplified Planning Zone to remove constraints on local business could complement a strong local enterprise agency. Similarly, a redundant building converted into workspace assisted by grants could be linked with business management training courses and other physical improvements to the area to help business confidence.

88. The presentational impact is likely to be more impressive if a number of projects are being launched in an area. There would be a greater sense of cohesion and purpose. An area approach would also fit with the European Commission's priority for structural fund spending on area-based programmes rather than individual projects

Disadvantages

90. But the launching of initiatives never falls into a neat pattern. They have different timescales and resource constraints. There are often good reasons why an initiative is located in a particular place. Being rigid about which areas are to be particularly favoured runs the risk of failing to exploit the potential of each scheme and missing opportunities.

91. Any selection process raises expectations amongst those chosen. Local authorities and others would presume that a central purpose in the area selection would be to see that resources flowed in their favour. Conversely, those not selected would complain vociferously that the Government were imposing an unfair distribution of available support.

Selection of areas

92. There is a legacy of existing area initiatives, notably the 57 areas selected for Urban Programme and other purposes, within which the 16 Task Forces are located. Those 57 cannot simply be the target areas; there are too many. Many of them show poor potential - impact could not be demonstrated within a reasonable time.

93. There is a case for selecting a reasonable number of areas - say 20 - in which Government programmes could be effectively focussed, presented, and assessed. Those areas might be drawn from the areas of search listed in Annex. All these areas would contain sufficient sites of potential for effective progress to be demonstrated within a reasonable time.

94. A photographic and video record could be kept of selected areas so that the beneficial impact of programmes could be clearly demonstrated over the months and years. The use of "before" and "after" photographs is a very powerful presentational tool.

95. Departments could be asked to give these areas priority when planning initiatives, to work with other Departments in presenting them as part of a package of action and to assess their progress as part of this wider action. There could be simple arrangements for Departments to keep in touch about proposed initiatives.

Measuring and evaluating the impact of programmes

96. Ministers need to know how their programmes are contributing to wider regeneration in urban areas. Increased attention should be paid to evaluation of the collective outputs of programmes, and their wider impact on the problems which the policy addresses.

Measuring outputs of programmes

97. Outputs vary from programme to programme. Workspace units provided, homes refurbished, acres reclaimed and serviced, young people in training, are examples. There has been progress, notably by City Action Teams, in standardising these output measures so that aggregated estimates can be made of total activity. The Government has also commissioned extensive research to clarify the nature of problems, and evaluate the impact of programmes.

Assessing wider impact

98. It is still the case however that the outputs are intermediate: they do not assess the wider impact of programmes. Although there are limits to the extent to which some important factors, such as business confidence, can be measured, it should be possible to agree a set of key indicators to measure the pace and extent of desired change in urban areas, and to derive some assessment of the impact of urban policy.

Possible indicators

99. Annex F evaluates possible wider impact indicators which relate directly to urban policy objectives. They include:

- reduction in the level of local unemployment;
- reduction in skills shortage;

- increase in educational attainment;
- increase in home ownership;
- increase in use of available dwellings;
- increase in use of developable land;
- reduction in level of crime.

100. It is recommended therefore that there should be further work to:

- (a) agree arrangements by which Departments could keep in touch about proposed area-based urban initiatives;
- (b) identify about 20 areas to guide Departments in which Government initiatives might be concentrated;
- (c) assess the economic potential of target areas, and decide which mix of projects is most likely to lead to the desired improvements. The objective of the work would be to improve the mix and targetting of policies, and the balance between types of activity;
- (d) refine the methodology for the comparative evaluation of employment measures which has already been developed - notably by the inter-Departmental Manpower Group, giving full weight to the policy to secure targetted impact on local labour markets and specific groups, the need to secure lasting job generation, and to the mixed outputs of various programmes (for example those securing asset creation and land reclamation as well as jobs).
- (e) define areas of reference for the measurement of urban change, agree key indicators and commission or adapt existing surveys to produce the necessary data.

K. PRESENTING THE POLICY

101. "Inner cities" is an all-embracing label used by journalists to describe very different areas and problems. The leading issue changes, sometimes very quickly. If there are riots the issues become crime and disorder and there is public speculation on "underlying causes". At other times the focus is decline of traditional industries and the effect on old manufacturing towns, or on rundown council estates very high rates of localised unemployment.

102. Just as there is no single problem, so there is no single message, except at the most general level, that the Government can use to encapsulate its urban policy. Certainly motivation and self-help and the way these are encouraged by Government can be emphasised. But a place also has to be found in presenting the policy for the Government's achievements in fostering a single-minded attack on physically rundown areas, to improve urban local government to tackle basic problems in housing and education provision, and to deal with crime and disorder.

103. There is not, therefore, a single message which can comprehensively express the positive things the Government are doing. Inevitably the message has to be made through a series of points. It also has to distinguish between developments which will show results relatively quickly, and those where the aim is for longer-term beneficial change.

104. There is great potential to break away from the simplistic approach towards the inner cities in favour of emphasising the imaginative and positive response to different problems in different areas.

Unpublicised achievements

105. The Government is not receiving sufficient credit for the many initiatives already underway. This is partly because they are not regularly brought and presented together, and partly because policies are changing all the time and continuing existing major initiatives can get overshadowed by new ones.

106. There are a number of steps which can be taken to improve presentation. Some are addressed to Ministers, some to officials.

Context for Ministerial announcements

107. Given the multi-faceted nature of urban policy and the many Departments involved in its delivery a more deliberate effort should be made to put individual initiatives, in context. It is recommended that there should be reference in individual announcements to urban policy themes, and the way a particular proposal flowed from one or more of those themes should be emphasised.

Ministerial briefing

108. It is recommended that Ministers have available short, succinct, regularly updated, bull points on the Government's urban policy, supported by key facts. This not only would help to put individual Departments' contribution in context, but would provide an efficient means to help Ministers get across the interlocking themes.

Visits

109. Some steps have now been taken to co-ordinate the timing of visits. There have been occasions recently when several Ministers have visited the same place at much the same time. Opportunities for hammering home a number of agreed points have been missed through lack of co-ordinated preparation. It is recommended that City Action Teams ensure that relevant Departments are aware of Ministerial visits in their region.

Decisions on Departmental urban initiatives

110. There is of course collective Ministerial discussion on specific policy proposals which lead to Departmental announcements. Particularly on area specific proposals - e.g. Housing Action Trusts, Simplified Planning Zones, City Technology Colleges, mini-UDCs - there may be advantage in Ministers discussing and if possible agreeing their location, as well as the merits of the proposals, so that projects can support each other.

Logo

111. Ministers have already drawn attention to the need for better publicity for the Government's contribution to local projects. Too often the credit goes to others - notably the local authority - when Government support has been essential. Some progress has been made in publicising schemes receiving Urban Programme and Urban Development Grant support. More can be done and a more representative range of projects can be included.

112. A logo was designed for the "Action for Cities" booklet prepared by Departments of Employment and Environment. It is recommended that the logo design is formally endorsed by Ministers with the slogan "Action for Cities", and that officials should ensure widespread use of it on signboards on relevant projects.

City Action Teams

113. There is a powerful tendency for Departments to concentrate on their own business and to miss relevant developments in other Departments. The setting up of City Action Teams has greatly helped to improve the flow of information between Departments about programmes and initiatives relevant to the conduct of urban policy.

114. It is recommended that this helpful development should continue to be exploited, with City Action Teams preparing joint briefing documents which can be used to inform local journalists and form inputs to Ministerial briefing. It is essential that the Regional Directors of COI are fully involved in their preparation.

115. It is also recommended that Regional Directors hold regular briefings with journalists to update them regularly about Government initiatives at local level.

Authoritative statement

116. There has been no rounded statement of Government urban policy since the Inner Cities White Paper of 1977. There is no Government document which conveys the range of the policy, the Government's priorities and the substantial achievements since 1979.

117. It is recommended that this is an omission which should be put right. Ministers will need to decide what sort of document they wish to see. It could be relatively low key as a traditional White Paper. Or, it could attempt to combine authority with presentability, including photographs.

INNER CITIES REPORT

Annexes

- A INNER CITY AREAS
- B DEPARTMENTS PROGRAMMES
- C PERFORMANCE OF LOCAL AUTHORITIES
- D MSC AND INNER CITIES
- E COMPANY SUPPORT
- F MEASURING THE IMPACT OF PROGRAMMES

57 AREAS SELECTED FOR URBAN PROGRAMME SUPPORT

(Partnership areas are shown in bold type)

North**Newcastle**
GatesheadHartlepool *
Langbaugh
Middlesbrough *
North Tyneside
South Tyneside
Stockton on Tees
SunderlandNorth West**Manchester** *
SalfordBlackburn
Bolton
Burnley
Oldham
Preston *
Rochdale *
WiganMerseyside**Liverpool**Halton
Knowsley
St Helens
Sefton
WirralSouth West**Bristol** *
PlymouthYorkshire and Humberside**Barnsley**
Bradford
Doncaster *
Kingston-upon-Hull
Kirklees
Leeds *
Rotherham
SheffieldWest Midlands**Birmingham** *Coventry *
Dudley
Sandwell
The Wrekin
Walsall
Wolverhampton *East MidlandsDerby
Nottingham *
Leicester *London**Hackney**
Islington
LambethBrent
Greenwich
Hammersmith and Fulham
Haringey
Kensington and Chelsea *
Lewisham
Newham
Southwark *
Tower Hamlets *
Wandsworth

* includes Inner City Initiative Task Force areas

NOTE ON SELECTION

Inner cities' problems are wide ranging. They include high levels of local unemployment, decay and dereliction consequent upon industrial decline, demotivation and lack of enterprise, crime and social disorder. All these factors contribute to a climate inimical to investment and development, business confidence and enterprise.

The Urban Programme authorities were selected on the basis of 2 main criteria:

a) Local unemployment, as indicated by the number of unemployed people in wards with an unemployment rate of more than 15%. The criteria picks up the major concentrations of residential unemployment. Fine grained ward-level data is used rather than TTWA or local authority district level data because the size of TTWAs and districts can conceal concentrations of unemployment. The data allows a more refined targetting of policy. All but one of the 57 areas have more than 5,000 unemployed people living in high unemployment wards. They include (in varying degrees) concentrations of groups who are at particular disadvantage in the labour markets: the young, the long-term unemployed, the lowskilled, those in public sector housing with limited geographical mobility, and ethnic minorities.

b) The scale of general needs, as indicated by the number of census enumeration districts which are in the worst 10% nationally on a range of indicators derived from the 1981 Census data, including % ethnic minorities, % overcrowded households and households lacking amenities, % elderly living alone, % single parent families. This criteria takes account of social factors contributing to stress and disadvantage. Account was also taken of the extent and proportion of derelict land.

The matrix below shows the relative needs of authorities on the two criteria.

Urban Programme resources are concentrated within the 57 districts on areas of greatest need. For example in Liverpool, Birmingham, Newcastle/Gateshead and Manchester/Salford more than 90% of resources are spent in the inner city partnership areas where less than 38% of the total population live.

City Action Teams

The areas of operation of the City Action Teams are the same as the Partnership areas, although some teams have extended their practical activity to mount projects in adjoining areas.

The Task Forces

Data on ward-level unemployment and the concentration of ethnic minorities was particularly important in the selection of Task Force areas. Ministers also took account of other factors such as the risk of disorder, and the scope for cooperation with local agencies. Task Force areas are smaller than Urban Programme priority areas, often including only 3 or 4 wards.

PROGRAMMES OR INITIATIVES WITH EXISTING OR POTENTIAL AREA FOCUS

The programmes listed are those in which there is scope (in some cases simply through the way in which they are promoted) for influencing the direction of resources by area. Main programmes which distribute resources according to a needs formula eg Rate Support Grant are not included. Figures are for England (or UK) as a whole.

£m pa
(generally
86/87)

DHSS

Grants to voluntary organisations	11.9
Involving unemployed in voluntary work	5.0
Improving primary health care in inner cities	1.3
Grants for care of under 5s (new initiative)	
Assistance to families in difficulties	7.5

Home Office

section 11 grants	92.0
Voluntary sector support	9.5
Ethnic minority business initiative	0.2
Crime prevention (Five Towns) initiative	0.2

DTI

Regional Development Grant	254.4
Regional Selective Assistance	88.3
National Quality Campaign	0.5
Support for Innovation	103.9
English Estates	35.4
Business Improvement Services	13.8
Business and Technical Advisory Services	20.0
Industry/Education links	28.1
Task Forces	2.1
City Action Teams' discretionary resources	1.0
Export Promotion	28.0

DES

Education Support Grant	44.8
Lower Attaining Pupils Project (exp. to date)	2.9
Adult Training and Adult Literacy:	
PICKUP	6.0
REPLAN	4.4
college/employer links	0.5
ALBSU (Adult Literacy & Basic Skills)	2.0
Careers guidance (non lea)	0.8
Teacher training:	
shortage subjects	0.9
in service training	16.0

New/Proposed expanded initiatives

Recruitment of better quality teachers/heads
Teacher Training initiatives
Careers guidance
School/Community links
Educational Welfare Service (truancy)
Regional Technology Centres
City Technology Colleges (new initiative)
FE/Industry courses
Youth Service and Youth Workers
Opting out

DEEnterprise

Small Firms Service	2.5
Local Enterprise Agency support	2.4
Loan Guarantee Scheme	13.2
Tourism support	13.1
Prince's Youth Business Trust (new initiative)	
Enterprise Allowance Scheme	150.3
Training for Enterprise	19.1

Training and Work Preparation

YTS	940.7
Job Training Scheme (old)	148.4
Local Training grants	24.4
Voluntary Projects Programme	14.5
Community Programme	1068.0
Restart (for long term unemployed)	49.9
Wider Opportunities Training Programme	26.0
Technical & Vocational Education Initiative	72.0
Local Collaborative Projects	2.5
Local Consultancy Grants	1.4
Job Release Scheme	110.0
Redundancy Payments Service	255.5
New Workers Scheme	26.9
Careers Service strengthening	13.1
Jobcentres	140.6

DoE

Urban Programme	338.0
Urban Development Grant (grant exp. to date)	101.0
Urban Development Corporations (")	403.0
Urban Regeneration Grant (new initiative)	
Derelict Land Grant	78.0
Enterprise Zones (cost to end 1984/85)	310.0
Estate Action	50.0
Special Grants Programme	1.8
Housing Action Trusts (new initiative)	
Simplified Planning Zones (new initiative)	
Support for Housing Associations	506.0
Home Improvement Grants	487.0

PERFORMANCE OF URBAN LOCAL AUTHORITIES

URBAN AREAS	OVERSPENDING		COUNCIL HOUSE SALES April '79-June '86			RENT ARREARS April 1986			DIRECT LABOUR ORGANISATION	STAFFING
	1987/88 Total Expenditure as % of Grant Related Expenditure	1987/88 Funding Gaps known (as % of underlying expenditure)	Nos	% of stock	Difference from class average %	£m	% of rent collectable	Difference from class average %	Record on rate of return x - Good xx - Medium xxx - Bad	Difference from class average (all Staff, per 1000 population)
Birmingham	101%	-	21,690 (15.2)		+ 4.1	£ 5.5m	(5.2%)	- 0.65	xxx	- 7%
Hackney	148%	£35m (21%)	561 (1.2)		- 10.2	£ 5.5m	(16.2%)	+ 1.4	xxx	+ 21%
Islington	153%	£45m (31%)	826 (2.0)		- 9.4	£ 6.2m	(18.3%)	+ 3.5	xxx	+ 17%
Lambeth	151%	£46m (23%)	1,045 (2.1)		- 9.3	£10.0m	(24%)	+ 9.2	xxx	+ 21%
Liverpool	124%	£26m (8%)	8,695 (11.4)		+ 0.3	£ 7.7m	(13.1%)	+ 7.25	xxx	N/A
Manchester	144%	£85m (21%)	5,916 (5.7)		- 5.4	£ 5.8m	(9.2%)	- 3.35	x (considered)	+ 67%
Salford	108%	-	2,840 (6.4)		- 4.7	£ 1.6m	(4.3%)	- 1.55	xxx	- 1%
Newcastle	116%	-	4,656 (9.1)		- 2.0	£ 1.9m	(4.9%)	- 0.95	xx	+ 25%
Gateshead	112%	-	3,481 (8.9)		- 2.2	£ 1.0m	(3.5%)	- 2.35	xxx	- 1%
Barnsley	110%	-	4,585 (12.8)		+ 1.7	£ 0.5m	(2.3%)	- 3.55	xxx	- 6%
Blackburn	119%	-	1,081 (7.2)		- 9.8	£ 0.9m	(7.7%)	+ 4.94	xxx	+ 45%
Bolton	102%	-	2,520 (8.8)		- 2.3	£ 0.5m	(2.8%)	- 3.05	xxx	- 10%
Bradford	1.0%	-	4,651 (11.1)		Average	£ 1.9m	(6.5%)	+ 0.65	xxx	+ 9%
Brent	126%	£24m (12%)	1,313 (5.8)		- 5.6	£11.0m	(63%)	+ 52.4	xxx	+ 26%
Bristol	123%	-	7,533 (15.4)		- 1.6	£ 1.1m	(3.5%)	+ 0.74	xxx	+ 126%
Burnley	64%	-	1,095 (13.0)		- 4.0	£ 0.4m	(6.2%)	+ 3.44	xxx	+ 150%
Coventry	107%	-	2,646 (9.5)		- 1.6	£ 1.2m	(5.3%)	- 0.55	xxx	+ 10%
Derby	108%	-	4,702 (18.5)		+ 1.5	£ 0.3m	(2.0%)	- 0.76	xxx	+ 87%
Doncaster	112%	-	6,936 (16.6)		+ 5.5	£ 0.7m	(2.9%)	- 2.95	xxx	- 5%
Dudley	105%	-	5,143 (12.4)		+ 1.3	£ 1.1m	(4.1%)	- 1.7	xxx	- 28%
Greenwich	187%	£33m (26%)	2,443 (6.3)		- 5.1	£ 2.9m	(10%)	- 4.8	xxx	- 4%
Halton	114%	-	2,321 (19.3)		+ 2.3	£ 0.3m	(4.1%)	+ 1.34	x	+ 47%
Hammersmith and Fulham	136%	£15m (15%)	1,773 (8.7)		- 2.7	£ 1.7m	(7.5%)	- 7.3	xxx	- 24%
Haringey	154%	£48m (24%)	1,898 (7.4)		- 4.0	£ 5.6m	(29%)	+ 18.41	xxx	+ 59%
Hartlepool	129%	-	2,441 (17.9)		+ 0.9	£ 0.14m	(1.6%)	- 1.16	x	+ 123%
Kensington and Chelsea	87%	-	608 (6.5)		- 4.9	£ 1.2m	(8.4%)	- 6.34	xx	- 40%
Kingston upon Hull	129%	-	3,712 (7.4)		- 9.6	£ 0.7m	(2.2%)	- 0.56	xx	N/R
Kirklees	107%	-	3,189 (8.2)		- 2.9	£ 1.0m	(4.3%)	- 1.55	x	- 1%
Knowsley	110%	-	10,014 (27.7)		+ 16.6	£ 1.6m	(6.8%)	+ 0.95	x	+ 4%
Langbaurgh	134%	-	1,826 (9.8)		- 7.2	£ 0.1m	(0.8%)	- 1.96	x	+ 65%
Leeds	101%	-	7,004 (7.1)		- 4.0	£ 3.4m	(5.4%)	- 0.45	x	- 9%
Leicester	121%	-	4,660 (12.0)		- 5.0	£ 0.8m	(2.6%)	- 0.16	x	+ 160%
Lewisham	162%	£30m (21%)	1,986 (4.6)		- 6.8	£ 6.9m	(20%)	+ 5.26	x	+ 1%
Middlesbrough	127%	-	2,307 (11.3)		- 5.7	£ 1.1m	(5.8%)	+ 3.04	x	+ 143%
Newham	127%	£16m (9%)	2,794 (8.0)		- 3.4	£ 2.7m	(10.7%)	+ 0.11	xxx	+ 48%
North Tyneside	112%	-	3,688 (11.4)		+ 0.3	£ 0.8m	(3.7%)	- 2.15	x	+ 10%
Nottingham	105%	-	8,292 (15.5)		- 1.5	£ 1.4m	(3.5%)	+ 0.76	x	+ 190%
Oldham	102%	-	1,869 (6.8)		- 4.3	£ 0.8m	(3.6%)	- 2.25	x	- 9%
Plymouth	95%	-	3,754 (14.4)		- 2.6	£ 0.3m	(2%)	- 0.76	x	+ 54%
Preston	120%	-	526 (4.5)		- 12.5	£ 0.2m	(2.6%)	- 0.16	x	+ 88%
Rochdale	107%	-	2,180 (9.2)		- 7.8	£ 0.8m	(4.3%)	- 1.55	x	NIL
Rotherham	107%	-	6,878 (16.8)		+ 5.7	£ 0.9m	(3.6%)	- 2.25	x	- 5%
St Helens	108%	-	2,111 (9.3)		- 1.8	£ 0.9m	(5.8%)	- 0.05	xx	- 4%
Sandwell	100%	-	4,685 (7.7)		- 3.4	£ 3.7m	(8.7%)	+ 2.85	xx	- 7%
Sefton	103%	-	3,678 (17.2)		+ 6.1	£ 0.7m	(4.4%)	- 1.45	x	- 25%
Sheffield	131%	£47m (15%)	5,665 (5.9)		- 5.2	£ 4.3m	(5.3%)	- 0.55	xx	+ 19%
South Tyneside	110%	-	4,797 (13.8)		+ 2.7	£ 0.7m	(2.9%)	- 2.95	x	+ 2%
Southwark	142%	£25m (16%)	1,482 (2.3)		- 9.1	£13.4m	(25%)	+ 10.26	x	+ 18%
Stockton on Tees	111%	-	2,764 (12.8)		- 4.2	£ 0.4m	(2.4%)	- 0.36	x	+ 106%
Sunderland	111%	-	6,258 (10.7)		- 0.4	£ 1.3m	(4.0%)	- 1.85	x	+ 5%
The Wrekin	132%	-	1,807 (13.9)		- 3.1	£ 0.4m	(4.0%)	+ 1.24	x	+ 38%
Tower Hamlets	139%	£17m (12%)	492 (1.0)		- 10.4	£ 2.3m	(6.8%)	- 7.94	xx	+ 17%
Walsall	102%	-	4,736 (11.0)		- 0.1	£ 3.6m	(12.7%)	+ 6.85	x	+ 3%
Wandsworth	100%	-	8,837 (18.8)		+ 4.4	£ 2.8m	(6.9%)	- 7.94	x	- 45%
Wigan	110%	-	3,871 (10.3)		- 0.8	£ 0.5m	(2.0%)	- 3.85	xx	- 11%
Wirral	109%	-	4,470 (15.4)		+ 4.3	£ 2.4m	(9.5%)	+ 3.65	x	- 19%
Wolverhampton	104%	-	5,584 (12.4)		+ 1.3	£ 4.3m	(11.9%)	+ 6.05	xx	+ 13%

STEPS TAKEN BY MSC IN INNER CITY AREAS

MSC has recently improved the marketing and effectiveness of its services in selected inner city areas (parts of City Action Team areas and in some of the 16 Task Force areas). These are experiments and results will be evaluated. Steps taken include:

Motivation and Outreach

- 30 YTS Development Officers on outreach work
- The use of more informal ways, eg through community centres, to contact potential YTS entrants
- Funding for Project Fullemploy to carry out a development programme looking at the needs of ethnic communities
- Local publicity material and training and employment information in minority languages (eg Restart leaflets in 12 languages)

Basic Skills

- Funding in the Task Force areas for the Industrial Society's Head Start initiative which encourages enterprise and job creation among young people
- Special Restart courses in 10 cities for ethnic minorities and those with literacy problems

Training for Jobs

- Intensive marketing in Middlesbrough and Birmingham to improve employer involvement in YTS
- An additional 1460 Community Programme (CP) places to support new projects in Task Force areas
- An experiment to encourage the development of small businesses by allowing CP projects to trade in the open market. In addition, half the pilot CP projects to be run by private employers with enhanced funding will be in inner cities.

Levering People into Employment

- Inner City Officers working out of 11 Jobcentres to advise jobseekers and market MSC services. Also, an additional Jobcentre has opened in Chapeltown, Leeds, even though the workload would not normally justify it.

In addition MSC is considering further proposals on YTS in the inner cities aimed at attracting young people who now reject training, and at increasing employer involvement and ethnic minority participation.

The cost of all these measures has been met by re-ordering expenditure priorities within existing programme allocations. Although the overall cost of the present experiments is not readily available, it is likely to be roughly £10 million pa.

PRIVATE SECTOR INVOLVEMENT IN THE INNER CITIES

The Ways Companies Help

Companies are involved in a wide variety of ways, and each local project has distinctive features. Types of help given include:

Small Businesses

- sponsoring Local Enterprise Agencies (LEAs) with cash, premises and secondees and contributing to small firm loan funds
- sponsoring workspace
- advice and technical help to small firms
- sponsoring award schemes eg for new business ideas
- increasing links with small firms, especially through local purchasing (eg 'Meet the Buyer' campaigns).

Education

- sponsoring CTCs
- school/business links including London Compact and work experience schemes
- scholarships and grants to individuals from ethnic communities.

Training

- providing and managing YTS, JTS and CP places
- initiating and funding local training projects, sometimes with interview guarantees for those completing courses
- making training facilities available to train housing managers, local business leaders etc.

Recruitment

- recruitment campaigns in the inner cities, adapting in-house post-recruitment training as necessary.

Not for Profit Organisations

- providing surplus land and buildings for community housing, workshops etc
- supporting voluntary organisations active in inner cities
- supporting community businesses.

Some Company Examples

BAT Industries has spent £1.4m on a warehouse in Liverpool and nearly £3m on a disused store in Brixton, converting them into

managed workshops which it helps to run through secondees and meeting deficits. The company also founded the Southampton Enterprise Agency, has contributed towards its funding and has provided secondees to run it.

Lloyds Bank supports 100 LEAs (not all in inner cities) through secondees and cash donations, and local branch managers are encouraged to become involved with local enterprise agency activities. Support is also given to a number of Business Innovation Centres. In North Peckham Lloyds has worked with the Task Force to set up a loan fund for small businesses, managed by a secondee.

Stewart Wrightson, a Lloyd's broking house, has developed close links with the community in Tower Hamlets. It supports Project Fullemploy in cash and in kind (eg computer resources), and undertakes recruitment initiatives in the East End, including a scheme to take on undergraduates from ethnic minority backgrounds in work placements in London. It is participating in the London Compact and has close links with careers officers and community leaders.

John Laing recently became the first private sector company to take up a national agency under the Community Programme. It also supports a range of voluntary organisations including Project Fullemploy, Action Resource Centre, Young Enterprise and Operation Groundwork. It has also set up three bursaries to enable young people in the North to set up businesses. It is an active participant in the London Enterprise Agency.

MEASUREMENT OF FINAL IMPACTS - INDICATOR ASSESSMENTS

EMPLOYMENT

OUTPUT	RELEVANT DATASET(S)	MINIMUM SPATIAL UNIT	FREQUENCY OF UPDATING	ASSESSMENT/COMMENT
Unemployment by duration age, ethnic group	1981 Census of population (data on those seeking work)	ED	10 years	Good quality data on age/duration but frequent changes in the count make time series analysis difficult. Local surveys will be required to estimate ethnic unemployment.
	DE data on unemployment by age/duration (ethnic information discontinued 1983)	ward	monthly	
	Residential unemployment rates (male/female)	ward	monthly	
Job opportunities/vacancies/skill shortages	1981 Census of population (data on qualifications/socio-economic group)	ward	10 years	Skill mismatch is difficult to measure. The Census provides information on skills of inner city residents. DE vacancy data by occupation might then allow some general comparison of opportunities with skills but this is unlikely to be very accurate. For detailed information, labour market surveys are more likely to be required.
	DE vacancy data (by industry/occupational group)	employment office area	quarterly	
	MSC's CALLMI employer and training information	employment office area	continuous	

ED = Enumeration District (covering about 160 households)

EMPLOYMENT

OUTPUT	RELEVANT DATASET(s)	MINIMUM SPATIAL UNIT	FREQUENCY OF UPDATING	ASSESSMENT/COMMENT
Self-employment	1981 Census of population (data on self employment)	ED	10 years	Up to date information difficult to obtain. Census data provides the best small area information but is elderly.
	BSO VAT registration data	ward	continuous	VAT registrations are a crude proxy for new firm starts and hence self-employment. The best prospect is offered by increasing the sample size of the labour force survey or aggregating together several years data to provide better coverage in urban areas.
	Labour force survey (aggregation of several years data)	currently regional	annual	
New firm formation/ start-ups'	BSO VAT registration data	ward	continuous	VAT registration data provides reasonably accurate information on new firm starts but there is a 'lag' in registration of up to 2 years for small urban areas. Some registrations may be "changes of status" rather than new starts. Firms below VAT threshold will only be included if they register voluntarily and coverage is partial for some sectors (e.g. finance) where many businesses are exempt.
Manufacturing/ service employment change	1981 Census of population (10% data on employment by SIC)	ward	10 years	Generally good data available. 1981 Census provides the only residence based information on manufacturing/service employment. 1981/84 Censuses of employment provide 'workplace' based information, but changes in sampling method make time series analysis difficult and some doubt over quality of 1984 Census (especially for small firms)
	1981/1984 censuses of employment (workplace based survey of employment)	ward	3 years	

BSO = Business Statistics Office
 CALIMI = Computer Assisted Local Labour Market Information
 SIC = Standard Industrial Classification

MOBILITY AND HOUSING

OUTPUT	RELEVANT DATASET(s)	MINIMUM SPATIAL UNIT	FREQUENCY OF UPDATING	ASSESSMENT/COMMENT
Net migration/ population	OPCS/National Health Service Central Register Data on Migration (N.B. total population estimates at ward level available from CACI)	local authority district/Family Practitioner areas ward	annual annual (2 year time lag)	Reasonable data. District level information from OPCS of reliable quality. NHSCR data for family practitioner areas is less reliable. CACI produce total population estimates for LA wards using accepted methodology - enables within district population change to be monitored.
Access/mobility	<u>TRANSPORT</u> 1981 Census of population (data on availability of a car/means of journey to work)	ward	10 years	Level of access difficult to measure. Census questions only provide broad proxies for mobility, and do not cover problems of special groups (disabled, single parent, elderly). Residential mobility can only be measured via migration.

CACI =

MOBILITY AND HOUSING

OUTPUT	RELEVANT DATASET(s)	MINIMUM SPATIAL UNIT	FREQUENCY OF UPDATING	ASSESSMENT/COMMENT
Council renting/owner occupation	1981 Census of Population (household tenure data)	ED	10 years	Reasonable information. Census data provides the most comprehensive small area information but does not pick up the recent increases in owner occupation. HIP information unavailable below district level and is unreliable (especially for owner occupation). Building Society data may be able to identify properties changing tenure (e.g. renting to owner-occupier). IR Valuation Office data provides information about changes in the property market. Council House Sales data should trace 'council to owner-occupier' shift (but only at district level).
	Housing Investment Programme (HIP) data on dwelling tenure	district	annual	
	Halifax Building Society Data (Survey of Mortgages)		continuous	
	Inland Revenue valuation office property market information	urban area e.g. town	half-yearly	
	Council house sales data	district	annual	
Numbers of unfit/substandard/difficult to let dwellings	1981 Census of population (data on households lacking basic amenities/overcrowding)	ED	10 years	Fair data. HIPS information is of variable quality and may not necessarily be objective (e.g. political choice in declaring dwellings unfit or difficult to let). Census data is useful for highlighting stress areas (e.g. private renting) but is out of date. LAs may have their own more reliable information.
	HIPS information on: unfit dwellings, dwellings in need of renovation, difficult to let dwellings, vacant dwellings	district	annual	
	DOE survey of houses in multiple occupation	district	occasional	
Housing benefit	CIPFA data on: (a) council (b) private rented tenants	district	annual	good data derived from means-testing.
Rent arrears	CIPFA	district	annual	

HIP = Housing Investment Programme
 CIPFA = Chartered Institute of Public Finance Accountants

ENVIRONMENT

OUTPUT	RELEVANT DATASET(S)	MINIMUM SPATIAL UNIT	FREQUENCY OF UPDATING	ASSESSMENT/COMMENT
Derelict and unused land	1982 Derelict Land Survey	total area by district	occasional - next survey 1988	Fair data but only covers 'derelict' not underused or damaged land in use. (1988 survey will have improved coverage.) OS/DOE land use charge dataset only established 3 years and only updated when map revisions occur hence coverage is patchy. Land Register Data only covers public sector unused/underused sites over 1 acre. Local authorities hold useful information but not at present in any consistent format.
	DOE/OS Land Use Change Survey	site specific	continuous but with time lag	
	Land Registers	site specific	continuous but some time lag	
Environmental quality	1982 Derelict Land Survey	district	occasional (next survey in 1988)	Very poor data. Most indicators are only general proxies for environmental quality, given an incomplete picture and are not available at sub-district level. New survey work on environmental perception is required.
	HIPs information on: age of stock difficult to let dwellings vacant dwellings	district	annual	
	Land Registers	site specific	continuous (time lag)	
	OS/DOE Land use change data	site specific	continuous (time lag)	
	HO data on vandalism/crime involving property		annual	

QUALITY OF LIFE

OUTPUT	RELEVANT DATASET(s)	MINIMUM SPATIAL UNIT	FREQUENCY OF UPDATING	ASSESSMENT/COMMENT
Crime rates/fear of crime	Home Office crime statistics	police division/county. Extensive but not complete small area data	annual	Generally poor data. Crime statistics cover only notifiable offences and hence most crime goes unreported. Very little information is available at small area level. "Fear of crime" probably requires local surveys.
Insurance rates	insurance company premium data	postal districts	continuous	May be possible for insurance companies to provide estimates of 'average' premiums by area (or number of claims).
Numbers receiving benefit	DHSS supplementary benefit and family income supplement (FIS) data	postal districts	quarterly	Poor coverage. Supplementary benefit data is based on a small sample of claimants and is currently only available for Partnership districts. FIS data has a larger sample size but the change to the family credit system will invalidate longitudinal analysis.
Health	GPs per 1000	Family Practitioner Area (several wards)	annual	
	hospital bed utilisation	Individual hospitals	continuous	

ECONOMIC STRUCTURE

OUTPUT	RELEVANT DATASET(s)	MINIMUM SPATIAL FORMAT	FREQUENCY OF UPDATING	ASSESSMENT/COMMENT
Levered investment per capita	<p>Various including: annual census of production (data on investment in productive capacity)</p> <p>IR Valuation Office Property Market Information</p> <p>DOE Construction Statistics</p> <p>Main Programme Grant Applications (UDG, DLG, URG) and UDC monitoring</p>	<p>ward</p> <p>urban area</p> <p>district (?)</p> <p>varies by type of grant</p>	<p>annual (2 year time lag)</p> <p>half-yearly</p> <p>annual</p> <p>continuous updating</p>	<p>Extremely difficult to assess the amount of levered investment separately from 'external' change. Census of production will give investment in productive capacity at below district level. A wide range of property market data is available from Inland Revenue (and also Chartered Surveyors) which might be used to assess broad trends within an area. DOE construction statistics give cost estimates of current construction projects - some sub-district information may be available. Some indication of leverage available from grant applications. Probably requires detailed surveys in 'pilot' areas.</p>
Per capita spend	<p>Main Programme expenditure by area of:</p> <p>DHSS</p> <p>DTI</p> <p>DE/MSD</p> <p>DES</p> <p>Also UP, DLG, UDG, URG and UDCs.</p>	<p>Health Auth. areas</p> <p>local offices</p> <p>sub-district?</p> <p>sub-district?</p> <p>district</p>	<p>continuous</p>	<p>Data availability and quality varies greatly and problems of interpretation (e.g. large Health authority schemes located in inner cities may serve a wide catchment area). DTI have record of firms supported by location and industry type. MSD should be able to produce information on funding of employment measures by area. DES may hold information on special initiatives e.g. TVEI by area. 'Urban' data available via grant applications/UPMI/UPCS/IAP submissions. UDC information from monitoring.</p>

EDUCATION

OUTPUT	RELEVANT DATASET(s)	MINIMUM SPATIAL UNIT	FREQUENCY OF UPDATING	ASSESSMENT/COMMENT
Levels of attainment/ attendance rates	1981 Census of population (data on educational qualifications by age, sex and race) School leavers' qualifications	ward secondary schools	10 years (Census) annual	The Census covers "A level/degree standard qualifications at small area level, but is out of date. Qualifications data (O/A level and GCSE) based on 10% sample of pupils; to be increased to full coverage within 2 years. No national collection of non-attendance figures, but some authorities e.g. ILEA carry out own surveys.

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Covered

INNER CITIES REPORT: MAIN ISSUES AND RECOMMENDATIONS

Inner cities are often perceived as deprived communities whose plight stems from transition or collapse of their local economies. The Government is urged to respond by providing resources, either directly or through local authorities. The legacy of this top-down approach is most clearly seen in the many run-down council estates and in some local authorities' wish to be the dominant force in their communities.

It is this approach which the Government is determined to overturn because it maintains the sense of dependency and stifles what is required - individual and local enterprise. The Government's approach, therefore, is to:

- encourage and reward enterprise;
- extend markets and the advantages of competitive disciplines;
- intervene in highly selective ways to tackle the legacy of the past and raise business confidence;
- enable consumers to have a dominant voice.

These themes which make up the Government's approach do not apply solely to the inner cities. They are at the heart of policy in many areas. In the inner cities, however, there is a concentration of problems and the scale of industrial change has been particularly dramatic. The Government's approach therefore has a much sharper relevance.

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The period since 1979 has been a fertile one in the making of urban policy and there are further radical changes to come. Given the mix of problems and opportunities in inner cities, with no one inner city the same as another, a wide variety of programmes and initiatives will be relevant.

The recommendations in this report build on existing programmes, are as specific as possible, with minimum call on public expenditure. They are designed to improve the relevance of programmes to the particular circumstances of the inner cities, and to take advantage of joint, mutually supporting initiatives. Programmes need to be applied in ways which encourage, not smother, business confidence and entrepreneurship. Too many people claim that they do not know what the policy is and what the opportunities are. Better presentation of the Government's achievements and policy is essential.

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MAIN ISSUES

Paragraphs
in main
report



1. The main issues are:

(i) "Inner cities" - definition: "Inner cities" describes areas so different, from Brixton to Middlesbrough, that the phrase is misleading. This makes the Government's task of explaining its policies more difficult. Motivation, enterprise, business confidence, market disciplines are needed in all areas. But there is advantage in presenting positively the differences between inner city areas, and emphasising the distinct but mutually supporting contributions of many Departments.

(ii) Objectives: the aim of urban policy is:

"to create, or recreate, the conditions in which local enterprise and initiative can raise the quality of life in inner cities."

This aim is underpinned by a number of objectives, from improving motivation and skills to tackling dereliction and encouraging business confidence. The inter-dependence of objectives means that progress has to be made on a number of fronts together. Effective co-operation is required between the many organisations, including Departments, involved.

(iii) Radical change in local government services: the changes the Government has set in hand to extend markets and competitive disciplines will open up new business opportunities. Priority should be given to inner cities in extending competition, and in encouraging local firms to bid for contracts.

This was my suggestion, so Johnson should not be attacked for it! D.H.S.

4-9

10-17

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18-21

Changes in major local authority services - education and housing - will only have their full impact in inner cities if special promotional efforts are made. These would be to encourage tenants and parents to take up opportunities on offer.

22-26

- (iv) Improving motivation and raising skills: training and enterprise support programmes illustrate the need to strike the right balance between applying a national programme with standard yardsticks in very different areas, and ensuring that in the more difficult areas the programmes are effective. More intensive effort has to be made in inner city areas to break the cycle of fatalism, apathy and low take-up. This means ensuring that the quality of programmes is adequate, with possibly less emphasis on quantity.

35

36-41

- (v) Tackling rundown council estates: the large council estates, of which there are about 2,500 nationally, will steadily improve with the changes in management and ownership. Much needs to be done meanwhile to address the problems of unemployment, apathy, vandalism and the fear of crime which are experienced in far too many of these estates. Better progress would be made through joint action to target relevant programmes on these estates - improving employability and motivating people back into work, encouraging tenant participation in the upkeep of their estates, crime prevention initiatives.

42-45

- (vi) Voluntary organisations: Government support for the voluntary sector has grown substantially - it is especially prominent in inner cities. It is not easy to ensure that worthwhile organisations are selected for funding support. A review of funding criteria

and processes that should be carried out, coupled with examining whether grant support should be used to encourage trading activities by voluntary organisations.

46-57 (vii) Supporting start-ups and small firms: There has been a substantial increase in the number of small firms, and in self-employment. Individual enterprise is growing but small firms have to be resilient and competitive. Local enterprise agencies bring private companies' commitment and support to small firms. These valuable local organisations should be improved but it is for the business community to take the lead.

56-57 (viii) Involving companies: The involvement of companies is becoming much more substantial across the range of inner city initiatives. Organisations such as Business in the Community and the CBI play, or should play, an important role in getting information across to their company members on the possibilities and benefits of companies' participation. A Government Statement about inner cities policy would be helpful in setting the scene for companies and others. Where Departments are promoting complementary activities which require companies' participation they should review the case for joint publications and approaches

58-65 (ix) Bringing land into use and stimulating development: Information about vacant land in inner cities is being improved but the land market would be more efficient if there were comprehensive information available, publicly, about landownership. This could be confined to the public sector. A Land Disposal Agency, and additional obligations on local authorities to release land, are ways to help

mobilise the land market but more detailed examination is required

66-73 The Government have developed a range of ways to stimulate development where markets are weak. Developers prefer tax incentives to negotiated grants but the former reduce fiscal neutrality and, as the Enterprise Zone evaluation has found, can be expensive. It would be possible to target incentives much more precisely and reduce their number as compared to the EZ regime. The period over which the incentives were available could also be sharply reduced.

- 78-81 (x) Central Government organisation at local level: The advantages of the mutual support between inner city initiatives run by different Departments can only be realised if Departments liaise about their implementation. City Action Teams, based in selected Regional Offices, have a vital role to play in improving contacts between Departments. The experiment in Yorkshire and Humberside region of adding to the number of Departments involved should be evaluated before it is tried more widely. No attempt should be made to revive the fading Partnership Committees with local authorities, nor should the Government terminate these arrangements. Task Forces are intensive localised direct Government initiatives to improve employability and enterprise in selected communities. Their aim should be to build up competent, free-standing, locally based organisations to carry forward their work.
- 75-77
- 82-85

86-100

(xi) Selecting areas and measuring progress: It is for local people and local business to bring forward initiatives. For Government to select target areas would wrongly imply that Government intervention is the key. But there would be advantage in a more deliberate approach to grouping Government projects to take advantage of the benefits of initiatives supporting each other. Departments need to agree what would be the priority areas, which are the relevant programmes and initiatives, and how success might be evaluated.

101-117

(xii) Presenting the policy: The full range of inner city policy needs to be presented effectively and carefully. Certain themes or objectives - such as motivation and self-help and raising skills - can be emphasised. But a place has to be found in presenting the policy to put across other achievements and proposals: tackling dereliction, improving local government, dealing with crime and disorder, increasing choice in housing and education. Improvements can be made in presenting the policy, including the preparation of an authoritative policy statement to replace the 1977 White Paper, better co-ordination of speeches and visits, taking credit for packages of projects which make a clear and substantial impact.

Public Expenditure

2. The intention has been not to cut across current public expenditure discussions. Therefore proposals to increase public expenditure have been kept to a minimum. Where such proposals are considered, the extent to which it is possible to redirect expenditure within existing resource totals requires further work.

RECOMMENDATIONS

C. RADICAL CHANGE IN LOCAL SERVICES: COMPETITION AND CHOICE

- (1) The new requirements for local authorities to put out services such as refuse collection and catering to tender should be given special emphasis in the inner cities in order to encourage local business. (Page 5, para. 17.)
- (2) DOE and DES should bring forward proposals to:
 - (a) explain to target groups - tenants or parents - the opportunities offered through changes of landlord or changes in schools' status;
 - (b) advise groups on what precisely they have to do to take advantage of these opportunities;
 - (c) offer continuing support in the long and complex process of change;
 - (d) counter hostile propaganda or blocking tactics by local authorities or other local bodies. (Page 6, para. 19.)

D: IMPROVING MOTIVATION AND RAISING SKILLS

- (3) Subject to monitoring of the MSC's present inner cities' initiatives and to their own current consideration of YTS in inner cities, the more intensive work as listed in Annex D should be developed. The withdrawal of benefit will influence YTS take-up but this may not provide sufficient incentive. Organisations such as Project Fullemploy with a good record in training young people who are hard to motivate, should be used

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more extensively by MSC, if necessary at the expense of other training agencies. (Page 8, para. 26.)

- (4) There should be a combination of tougher rules on travel requirements and increases in travel cost allowances. (Page 8, para. 27.)
- (5) Initiatives such as City Technology Colleges and the London Compact offer models which should be reproduced. Involvement of companies in inner city schooling to this degree is unprecedented. It is an important building block in the wider aim of involving the private sector in tackling inner city problems. (Page 9, para. 29.)
- (6) The London City Action Team should review with LDDC, local employers, Careers Service and training organisations what improvements can be made to match training and skills required. It is important that the very substantial achievement in regenerating redundant Docklands is matched by good working of the local labour market. This can be done in ways consistent with the Government's contract compliance policy. The lessons learnt can be applied elsewhere. (Page 9, para. 31.)
- (7) DE/MSD and DES should bring forward proposals for a more intensive follow-up of those identified as needing further basic education or training. Computers and videos offer a particularly effective method of teaching basic skills. (Page 10, para. 33.)
- (8) DE should review, in the light of MSC's present experience, whether the balance between the quality of provision in inner city areas, and the quantity of such provision is right. (Page 10, para. 35.)

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E. TACKLING RUNDOWN COUNCIL ESTATES

(9) City Action Teams should help bring together experiments on a number of estates to apply jointly:

- outreach work by MSC to encourage unemployed people to take up training and other opportunities;
- crime prevention initiatives proposed by the Home Office;
- upgrading of estates and improved management funded through Estates Action;
- encouragement of local enterprise through Community Business initiatives (subject to the findings of the Scottish Office evaluation). (Page 12, para. 40.)

Such a joint programme is not of itself dependent on additional resources. What it does require is some steering of the location of initiatives. (Page 12, para. 41.)

F. THE VOLUNTARY OR NOT-FOR-PROFIT SECTOR

(10) The Home Office should consider, with other Departments, the purposes for which voluntary organisations are funded with particular reference to the Government's inner city objectives and the need to build up effective local groups. The review should also consider the merits of changing the rules on grant clawback. (Page 14, para. 45.)

G. SUPPORTING START-UPS AND SMALL FIRMS

- (11) Measures to improve Local Enterprise Agencies (LEAs) should be pursued by DE and Business in the Community (BIC). Grant support for LEAs may need to be restructured, both to encourage amalgamation and to adapt the matching funds rule. This could require additional public expenditure of about £1m. (Page 17, para. 54.)
- (12) Departments should consider whether there should be a summary of how companies are becoming involved and how Government supports this. This could complement a Government Statement. (Page 18, para. 57.)

H. BRINGING LAND INTO USE AND STIMULATING DEVELOPMENT

- (13) DOE should bring forward proposals to require landowners, possibly only those in the public sector, to make public what land they own. This would overlap with information held on the Land Registers but the public would be able to judge whether the decisions taken on what was unused land were correct. (Page 20, para. 63.)
- (14) DOE should examine the merits of a land disposal agency. (Page 20, para. 64.)
- (15) In the light of the Audit Commission's findings, DOE should consider the following:

(i) local authorities to be required to publish information about their land holdings in a form specified by the Secretary of State;

(ii) LAs to be required to review purpose of ownership and publish that review, including projected dates for bringing unused land into use or offering it for sale, and current impediments to use;

(iii) LAs to be required to dispose of unused land where there is no reasonable prospect of it being brought into use within a reasonable period. (Page 21, para. 65.)

(16) Given the interlocking role of Departments to stimulate economic development, the relevant Departments should review the range of publications addressed to private companies and developers to see whether a joint marketing effort would be sensible. (Page 23, para. 71.)

I. CENTRAL GOVERNMENT INITIATIVES AT LOCAL LEVEL

(17) Subject to evaluation and manpower constraints, Departments should consider whether expanded City Action Teams be more widely applied. (Page 26, para. 81.)

(18) The main medium term job for the Task Forces should be to build up freestanding, viable local organisations to continue the projects, expand them, and develop new ones. (Page 27, para. 85.)

J. TARGETING SPECIFIC AREAS AND MEASURING PROGRESS

(19) There should be further work to:

- (a) agree arrangements by which Departments could keep in touch about proposed area-based urban initiatives;
- (b) identify about 20 areas to guide Departments in which Government initiatives might be concentrated; "before" and "after" records should be kept.
- (c) assess the economic potential of target areas, and decide which mix of projects is most likely to lead to the desired improvements. The objective of the work would be to improve the mix and targeting of policies, and monitor the desired improvements.

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(d) refine the methodology for the comparative evaluation of employment measures which has already been developed - notably by the inter-Departmental Manpower Group, giving full weight to the policy to secure targetted impact on local labour markets and specific groups, the need to secure lasting job generation, and to the mixed outputs of various programmes (for example those securing asset creation and land reclamation as well as jobs).

(e) define areas of reference for the measurement of urban change, agree key indicators and commission or adapt existing surveys to produce the necessary data.

(Page 31, para. 100.)

K. PRESENTING THE POLICY

(20) There should be reference in individual announcements to urban policy themes, and the way a particular proposal flows from one or more of those themes should be emphasised. (Page 33, para. 107.)

(21) Ministers should have available short, succinct, regularly updated, bull points on the Government's urban policy, supported by key facts. This would help to put individual Departments' contribution in context, but would provide an efficient means to help Ministers get across the interlocking themes. (Page 33, para. 108.)

(22) City Action Teams should ensure that relevant Departments are aware of Ministerial visits in their region. It is recommended that the logo design is formally endorsed by Ministers with the slogan "Action for Cities", and that officials should ensure widespread use of it on signboards on relevant projects. (Page 34, para. 112.)

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- (23) City Action Teams should prepare joint briefing documents which can be used to inform local journalists and form inputs to Ministerial briefing. It is essential that the Regional Directors of COI are fully involved in their preparation. (Page 35, para. 114.)
- (24) Regional Directors should hold regular briefings with journalists to update them about Government initiatives at local level. (Page 35, para. 115.)
- (25) There should be a Government Statement on inner cities policy. It could be a White Paper. Or, it could attempt to combine authority with presentability, including photographs. (Page 35, para. 117.)

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