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cc: Mr. Eric Sorensen
Prof. Griffiths

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From the Private Secretary

26 November 1987

INNER CITIES

I attach a paper by the Cabinet Office on Government policy towards the inner cities which is to be the basis for discussion at the Prime Minister's meeting on this subject on Monday 30 November at 11.00 a.m. There are substantial annexes to the paper which are being circulated separately to you and other recipients this afternoon.

The Prime Minister also proposes at the meeting to consider your Secretary of State's proposals for a first round of mini-UDCs, set out in his minute of 28 October, together with subsequent Ministerial correspondence.

I am copying this letter and its enclosure to the Private Secretaries to the Secretary of State for Trade and Industry, the Chancellor of the Duchy of Lancaster, the Home Secretary, the Secretary of State for Employment, the Secretary of State for Transport and the Chief Secretary, and to Sir Robert Armstrong.

David Norgrove

Robin Young, Esq.,
Department of the Environment.



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P 02941

From: R T J Wilson
26 November 1987

MR NORCROVE

cc Mr Sorensen
Mr Lean

INNER CITIES

1. The Prime Minister's group on Inner Cities is due to meet again on Monday at 11 o'clock. I attach a paper which you may wish to circulate to those attending as a basis for the discussion, together with a draft covering letter for the purpose.
2. Messrs. Sorensen and Lean of the Inner Cities Unit have prepared a formidable folder of charts and tables for those attending the meeting. It contains the annexes referred to in the paper. Given its size, however, we are making separate arrangements to get these folders round to private offices this afternoon. The covering letter makes this clear. I am however enclosing a folder with this minute for you to see what it is like.
3. You will see that I have also included a reference in the covering letter to the need for a response to Mr Ridley's letter of 28 October about mini-UDCs.
4. We will provide a brief tomorrow in the usual way.

R T J WILSON

Callup
The annexes are in the
large black folder.

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POLICY TOWARDS THE INNER CITIES

Note by the Cabinet Office

1. At the Prime Minister's meeting on 26 October we were asked to circulate information about the distribution of Government resources between different inner city areas and to suggest areas where Government effort could be intensified. We were also asked to do preliminary work on a White Paper, and to prepare a list of forthcoming Ministerial visits to inner cities.

DISTRIBUTION OF EFFORT

5-7
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2. There are fifty-seven inner city areas to which resources are directed under the Urban Programme at present, sixteen of them with DTI Task Forces: see Annex A. The areas have been selected using unemployment figures and needs indicators derived from the Census (eg the number of elderly people living alone, ethnic population). The areas cover most of the conurbations and old manufacturing towns in England. They account for about 16 per cent of English local authorities, 32 per cent of the population of England and nearly half the unemployed. We have focused on these areas in this paper because departments are increasingly using them when launching inner city initiatives. But it should be noted that there is still a substantial amount of Government expenditure on enterprise and development directed elsewhere.

3. The distribution of departmental initiatives, both existing and planned, between these 57 areas over the next year is shown in Annex B. In the case of initiatives being planned, firm decisions have not yet been taken and there is still scope for Ministers to decide what the final pattern should be. All areas are covered by the Urban Programme and by special measures on problem estates. The distribution of other initiatives reflects a variety of considerations and does not represent a coherent approach overall. In particular there is no clear correlation between initiatives and either the potential of areas or their degree of need.

4. In expenditure terms, the fifty-seven areas receive some £1.7 billion in special aid and support. The distribution of this expenditure is shown in Annex C. The main components, and expenditure on them in 1987-88, are:

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2 in London

2 out

U.D.A

Training, and Enterprise Programmes
(Action for Jobs)

£m
1103

Urban Programme and related grants, and
Urban Development Corporations
(UDC spend is not shown in Annex B)

487

Regional Assistance, support for business,
English Estates

168

1758

SELECTING AREAS OF POTENTIAL

5. We were asked to put forward a selection of possible areas where Government effort could be intensified, including areas in the North West, Birmingham and the West Midlands, the Leeds and Bradford area, Tyneside and Teesside and perhaps one area in the South West; and in doing so to concentrate on places with potential where Government action was most likely to succeed.

6. As a basis for this selection we have analysed the 57 inner city areas in terms, first of their potential for success and second their degree of need. The results are in Annex D. There is no scientific way of carrying out this sort of analysis. The indicators used are those shown in the table and are the ones which are most readily available across all areas.

7. Using this and other relevant material we have grouped the 57 areas into three broad categories - most potential, intermediate, least potential - shown in Annex E. This suggests the following initial list of cities or areas of potential where an intensification of effort might perhaps be most likely to succeed:

- South-West: Bristol
- West Midlands: Birmingham
Coventry
Sandwell
Wolverhampton
- East Midlands: Leicester
Nottingham
- North-West: Bolton
Manchester
Preston
Rochdale
Salford

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Yorkshire and
Humberside:

Bradford
Leeds
Sheffield

M. U. R. C. →

North-East:

Tyneside) specific areas to be
Teesside) selected within the
UDC

Local Leadership

8. Ministers are invited to consider whether they wish there to be a short list of some or all of these areas where Government effort should be intensified. Departments could be asked to make a particular effort to co-ordinate and concentrate their work in these areas. Private companies and relevant organisations such as Business in the Community could be steered towards them and a particular effort could be made to explain what grants and incentives were on offer in them. City Action Teams would be responsible for contact with the private sector at local level, and would be asked regularly to report on their progress.

9. The main arguments for this approach are that co-ordinating the efforts of departments would be more likely to have an impact and produce value for money; that there could be a clearer drive to encourage business commitment; and that it would enable achievements to be more clearly demonstrated. Against this it could be argued that some of the worst inner city areas in terms of need would as a result be given less attention than they deserve. But this is unavoidable if the emphasis is to be on areas of potential. Moreover, the proposal is not that any areas should be neglected, but that a special effort should be made in those where there is best chance of results.

10. We assume that Ministers would not wish to publicise the short list of areas as such, because of the likelihood that other areas not represented on it would lobby for similar treatment. The purpose of the exercise would be to provide departments with guidance on priorities, to encourage them to work together and to build up a portfolio of inner city areas around the country where progress was being made.

11. It would be important from the start to arrange for Government effort in these areas to be evaluated. Possible indicators were set out in paragraphs 99-100 of the final report on Inner Cities (E(UP)(87)6).

12. If this approach is agreed, Ministers may wish as a next step to select, say, two of these areas for closer consideration and to commission a study of them for discussion at the Group's next meeting, with particular emphasis on the results which can be achieved over the next three years. Possibilities are an area in the West Midlands - say, Wolverhampton - and an area in the North West, perhaps Manchester: see maps at Annex F attached. Further areas could be selected for later meetings.

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INVOLVEMENT OF THE PRIVATE SECTOR

13. Private sector involvement is necessary in most of the initiatives listed in Annex B. Once particular areas have been selected for intensification of Government effort there will need to be a drive to involve local businesses and strengthen their commitment.

14. City Action Teams can provide the inter-Departmental focal point for liaison with each city's business community. It would be useful to second to the teams a local businessman to provide a link between the local business community and Government Departments, and to help market the various forms of Government support for business investment and involvement.

15. We would propose that the closer study of specific areas, recommended above, should pay particular attention to ways of promoting local business involvement in each of them.

PRESENTATION

16. We have done some preliminary work on a possible White Paper (or similar document). Annex G is a mock-up of the cover and opening section. The aim would be to make it both authoritative and readable. It would give a clear account of Government policy under the Action for Cities headings of Better Homes and Schools, Action for Business, Action for Jobs and Action for Development. It would be pitched at a general readership but would contain specific advice for those who want to get involved in urban regeneration. It would include a comprehensive practical guide to grants and incentives on offer.

17. There could be regional follow-up of the White Paper through Ministerial speeches, articles, road shows and seminars with businessmen and others involved in urban regeneration.

18. Ministers are invited to decide whether work should be continued on this basis. If approval were given now, photographs and text could be finalised by the end of January, with publication in February.

MINISTERIAL VISITS

19. We were asked to produce a list of forthcoming Ministerial visits to inner city areas. This is at Annex H. We propose that Ministers should be given regularly updated inner city briefing for visits to areas selected for intensification of Government effort, with, for example, a pen portrait of the area and sections on the local economy and major employers, local authority performance, housing and development, education and training, and key local concerns or issues. The briefing would also contain advice on local media contacts. City Action Teams, with Regional COI, should be responsible jointly for producing this briefing.

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CONCLUSION

20. Ministers are invited to decide whether:

(i) there should be a short list of inner city areas where Government effort should be intensified and, if so, what those areas should be (paras 7 to 10);

(ii) detailed work should be set in hand on two of the areas - perhaps Wolverhampton and Manchester - for closer consideration at the Group's next meeting, with similar studies on other selected areas at later meetings (para 12);

(iii) further work should be carried out on a White Paper for publication in February (para 18);

(iv) there should be special briefing arrangements for Ministerial visits to areas selected for special attention (para 19).

Cabinet Office
26 November 1987

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