



CC 450
Prime Minister ②

CST has now launched
 the review of the Urban Programme.

AT 231,

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 LONDON
 SW1P 3EB

20 January 1984

PUBLIC EXPENDITURE REVIEWS: URBAN PROGRAMME

You will know that each year after the Public Expenditure Survey the Treasury considers, in the light of that Survey, questions which ought to be pursued before Ministers come to take decisions on the next Survey. I have consulted the Prime Minister on a number of key areas to be looked at this year in order to identify options for savings. She has agreed that, as one potential area for savings, we should seek to clarify the objectives of the Urban Programme and to develop ways of measuring its cost-effectiveness.

Last year's review of regional policy looked at the economic aspects of the Urban Programme and concluded that further research should be done over the next two years. However it left untouched the social and environmental aspects. I am sure that we must now get a clearer view of the objectives of the whole programme and its parts, and consider the cost-effectiveness of the very large expenditure involved. I do not think that work along those lines would duplicate or overlap with the regional policy review's conclusions. I am aware also of the National Audit Office's interest in the Urban Programme.

I suggest that the terms of reference for this review should be as follows:

- (a) to clarify the objectives of the Urban Programme;
- (b) to consider the resources devoted to its various parts;
- (c) to assess its cost-effectiveness and ways of improving the measurement of that;
- (d) to identify options for change.

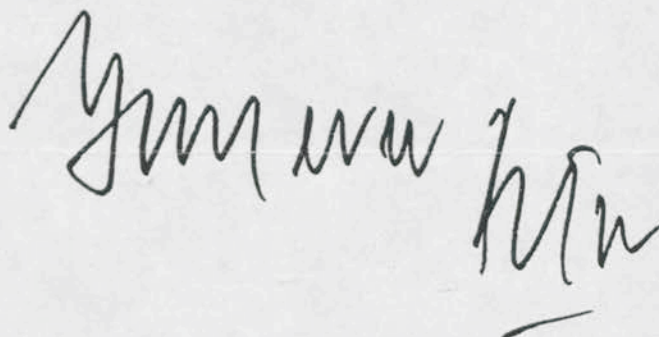
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We shall have to involve other colleagues with an interest in the Urban Programme, but I think it would be helpful if you and I could agree on the general approach first.

We have some ideas about how this review might be conducted. Clearly our two departments will need to be closely involved. The Prime Minister would like the No 10 Policy Unit to be kept in touch; the Efficiency Unit may also be able to contribute. I am asking Mr Bailey to get in touch with Sir George Moseley to sort out the mechanics.

I hope that you will agree that this is the best way to proceed. If you see any difficulties I should of course be pleased to have an early word. Meanwhile I think that it is important that we do not run the risk of giving the wrong signals about the Urban Programme. I have seen your letter of 10 January to Keith Joseph, but I must confess that I have considerable doubts about the involvement of colleagues with the next AMA meeting as you propose. Certainly before there were any such involvement we should all need to be clear about the implications of this review for what could be said then.

Copies of this letter go to the Prime Minister, Sir Robert Armstrong and Sir Robin Ibbs.

A handwritten signature in dark ink, appearing to read 'Peter Rees', written in a cursive style.

PETER REES

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11/11/1984

