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cc RY



Prime Minister

URBAN POLICY AND PROGRAMME REVIEW: REPORT

1. In the last 3 months a team of officials has carried out a Review of Urban Policy and the Urban Programme (UPPR), working on the basis of a "scrutiny-style" approach, and with particular emphasis on the principles of the Financial Management Initiatives. Copies of the Report are in Nol0, as your Policy Unit was represented on the small interdepartmental Steering Committee - the other members were from my Department, the Efficiency Unit and the Treasury. The Review Team was led by a Treasury Assistant Secretary, backed by officials from my Department and the Efficiency Unit.

2. This minute seeks your views - and those of Peter Rees and Sir Robin Ibbs only at this stage - on the handling of the Report and its recommendations.

3. The starting point must be our Manifesto commitment which listed as one of the "five great tasks for the future to improve the quality of life in our cities". I believe that the Report gives us the opportunity to carry through that task in a cost-effective, and politically effective, manner. We now have the chance to take the initiative in an area of major and perhaps rising concern - David Sheppard's Dimpleby lecture is one manifestation - by positively reaffirming our commitment, backed up by more tightly defined objectives, better management, and a value-for-money approach.

4. As you will see from the Report, the assessment and conclusions are set firmly within the framework of our policies to control public spending, and to ensure that the spending which is necessary is properly directed and controlled. The report starkly confirms the severity of the problems in the inner cities and shows that the Urban Programme is generally well directed to those needs. The scale of those problems

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would warrant increased resource allocation, and we may have to consider that in the future; but the report also shows that the immediate need is to ensure that the present resources are used as effectively as possible and that other Departmental programmes make an effective contribution. This is the aspect that I would want to emphasise in following up the report, both in relation to my own programme and in discussion with colleagues.

5. I attach a note which might serve as the basis for an early discussion. Many Cabinet colleagues have an interest, and I have, of course, an obligation to consult them in due course. But to start the process, I would suggest that you might consider convening a meeting with Peter Rees, Sir Robin Ibbs and myself as co-sponsors of the Review. If there was a broad agreement on the way forward, I would then circulate the Report to our Cabinet colleagues, seeking comments, and with a view to a wider collective discussion - perhaps in H Committee - in July.

6. I suggest this timetable because there will be pressure to publish the Report (from the press and from the Environment Committee) - and I would favour doing so. This would enable us to keep the initiative and to follow-up the Report in a positive way. In that case we should aim to publish before the summer recess. It would need to be accompanied by a Government statement reaffirming our commitment to tackling the problems of the inner cities but giving firm direction to the ways in which that is done and the way in which those resources are used. The Report provides a good opportunity to do this.

7. I should add that the authors of the report were given a free hand to reach their own conclusions - in the best "scrutiny" tradition. They offer some fairly critical observations on some Departmental programmes. We will need

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to consider those comments, but I would want to see them modified or omitted if the report is published (along with some other editing). I well appreciate that my colleagues have many other demands on their programmes but I believe that there is scope, within existing resources, to present more convincingly what the Government is already doing to deal with the problems of the inner cities and to focus that effort more effectively on those needs.

8. I am copying this minute to Peter Rees, Sir Robin Ibbs, and to Sir Robert Armstrong.

A.H. Davis

for
P J

11 June 1984

(Approved by the Secretary of
State and signed in his absence)

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URBAN POLICY AND PROGRAMME REVIEW: REPORT

Note by the Secretary of State for the Environment

INTRODUCTION

1. Many of the Report's recommendations relate to the management of the Urban Programme and are for DOE to implement. They reinforce measures already taken to ensure cost-effective management of projects and the wider development of value-for-money techniques. Others require discussions between DOE and other Departments. The first priority, however, is to decide on the general thrust of the Government's policy towards the inner cities and on the ways in which that can be carried forward effectively both in the management of the Urban Programme and in the contribution that other Departments can make. This note concentrates on the main collective policy issues, and each section ends with the question to which I suggest we address ourselves.

ANALYSIS AND OBJECTIVES

2. The Report finds that the inner city problem is rooted in economic adjustment, which leads to concentration of dependent and disadvantaged groups, placing exceptional demands on the local authorities concerned. Acceleration of national economic adjustment in recent years has hit employment in the inner cities particularly hard. The Report proposes that the Urban Programme should henceforth be seen, not as a poverty programme, nor as an interventionist attempt to prevent necessary economic adjustment in the cities, but as a way of reinforcing main programmes and helping inner city authorities to cope, financially and managerially, with the consequences of the rapid adjustment which they are experiencing. It concludes that these inner city problems are likely to get worse, even while the economy at large recovers.

3. Is the analysis and restatement of objectives for urban policy (para 34 of the Report) acceptable to colleagues?
Can we also agree that the Urban Programme should be managed

so as to meet those objectives and to reinforce main programmes?

CO-ORDINATION, COST-EFFECTIVENESS, VALUE FOR MONEY

4. The Report calls for better co-ordination between the activities of Government Departments and agencies in the inner cities. In particular, the Report shows that DTI's programmes and MSC services can make a most important contribution to the needs of these areas and must do so if the economic component of urban policy is to be managed effectively. The Report suggests that this can be done by involving those Departments more directly in the management of the programme at the local level in the regions. This involves building on the present Partnership and Programme arrangements and developing a stronger inter-departmental "Team" approach to tackling the most severe inner city problems. This is Option C in the report. The other options identified in para 158 are to leave things as they are, to wind up the Urban Programme or to hive it off to a new Agency: none of these seems as politically relevant as maintaining the programme under direct Ministerial supervision and ensuring well integrated use of existing resources.

5. The Report proposes, under Option C, setting up small teams in DOE Regional Offices staffed jointly with DTI and MSC. This would certainly be an effective way of developing the inter-departmental approach and I would welcome the views of colleagues on that proposal. Whether or not it proves possible to adopt that idea, the essential thing is to ensure that all Departments involved in this work, both at the centre and in the regions, are seized of the fact that we are committed to tackling these problems and that this requires "affirmative action" in ensuring that Departmental policies and programmes are properly responsive to those needs. Much can be done, within existing resources, by co-operative working, flexibility and initiative.

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6. Are colleagues able to give support to developing this positive and innovative approach to programme management?

RESOURCES

7. The Report makes no recommendation on the overall level of resources to be allocated to the Urban Programme. Nevertheless, as it does vividly record the deteriorating conditions in our inner cities, and found no evidence of significant waste, it could be argued that an increase in resources was justified. In the current PESC round, DOE has concentrated on seeking improvements in efficiency rather than entering a bid for an increase on the baseline for 1985/6. However, the stability of the baseline at the 1985/6 level in real terms is absolutely essential, and the question of a further bid may need to be considered in the future, in the light of the Report's analysis of the scale of urban deprivation. This is particularly so in view of the imposition of VAT on building alterations and conversions. After several years of increasing private sector activity in this area - especially the conversion of public sector housing stock into private sector development - the VAT change has severely diminished our credibility with the private sector as well as prejudicing many schemes which were previously planned.

8. Can we ensure at least stability in the planned (and published) expenditure line for the Urban Programme? Without that it will be very difficult to secure improvements in programme management and cost effectiveness.

PUBLICATION: A GOVERNMENT STATEMENT

9. There is much to be said for publishing the Report, subject to a small amount of editing out of particularly sensitive points. Publication is the norm for "scrutinies" and it would be helpful in bringing home to local authorities and the public some of the hard realities of the situation.

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The Review's existence is public knowledge and there are already demands for publication. The Environment Committee will want to see it. It would be better to publish with good grace than reluctantly, taking a positive line rather than a reactive one.

10. If the report is published it should be accompanied by a Government statement preparing the way for more detailed follow-up. It is for consideration whether a White Paper or Green Paper approach would be appropriate, either at the publication of the Report, or after a consultation period. Whichever course is adopted, the Government should retain the initiative.

11. Should the Report be published together with a restatement of the Government's commitment to an effective urban policy and firm direction of the programme?

DOE

June 1984

11 JUN 1984



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URBAN POLICY
AND PROGRAMME REVIEW

*A copy of this report will be
found on Department of the
Environment files*

G. Gray

16/7/2013



Report
to the Secretary of State
for the Environment,
May 1984

MAIN REPORT

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Prime Minister

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URBAN POLICY AND PROGRAMME REVIEW

Summary

The inner cities are bearing the brunt of economic adjustment. The dependent sections of society - the unemployed, the single elderly, the single-parent families - are becoming increasingly concentrated in them. Their firms are in a weak condition and are losing employment. All these trends are likely to continue to worsen in the foreseeable future.

The consequences for local government are serious. The normal redistribution of resources through the rate support grant and the capital allocation system is not adequate to deal with adjustment on this scale. Yet it would be senseless simply to put more money into the hands of local authorities in whom the Government has no confidence.

The role of the Urban Programme is to supplement the resources of the inner city authorities in a controlled way. Its machinery enables central government to help them both financially and managerially to cope with their acute social problems, to improve the environment and to enable the local economy to re-stabilise at the highest level that market forces will support.

This Review adopted 'Scrutiny' methods, and much of the Team's time was devoted to direct inspection of a sample of projects. The Team found little evidence of wasteful expenditure: money is tight enough at present to ensure that efforts are made to obtain good value for it. There are, however, ways in which the management structure could, and should, be tightened up.

Urban policy is not something that can be left to the DOE. Major aspects of it are the responsibility of other Departments. DTI and the MSC, in particular, need to be fully involved, especially in the economic component of the Programme. The Team puts forward suggestions as to how the policy might be better co-ordinated.