

PRIME MINISTER

OBJECTIVES OF URBAN POLICY AND THE URBAN PROGRAMME

(MISC 104(84) 2)

BACKGROUND

1. The inner cities suffer from severe concentrations of economic, social and environmental problems. In theory, the main expenditure programmes managed by local and central government ought to be able to address these programmes, in so far as resources are available. For example, the mechanisms built into the rate support grant arrangements assess local need. But in practice, the targetting of resources through such mechanisms is insufficiently precise to have the desired impact. Furthermore the ordinary institutional arrangements (local authorities, etc, pursuing their own policies) produce an unco-ordinated approach.

2. As a consequence, the Urban Programme (UP) and Partnership and other organisational arrangements have been developed to supplement resources and improve targetting to co-ordinate existing agencies and programmes, and to help mobilise private sector and voluntary activity. Urban Programme expenditure now takes place in areas containing 28 per cent of the population, but 70 per cent of the most severe concentrations of deprivation. It currently disposes of £348m. Basically grants at a rate of 75 per cent are given to local authorities in support of projects which may be categorised as social, economic or environmental. From 1979 there has been a greater emphasis on economic projects, on capital expenditure and on involving the private sector. A major advantage is to encourage local authorities that may be politically hostile to authorise expenditure in a way consistent with central government policies. (Further details are in Misc 104(84)1).

3. Urban policy describes the totality of organisational and programme arrangements (including main Departmental expenditure programmes) which bear on inner city problems. In much discussion there is considerable looseness about whether it is Urban Policy in general or the Urban Programme in particular that is under consideration.

The Report

4. It was disquiet about the cost effectiveness of the UP that led to the commissioning of the Urban Policy and Programme Review in February 1984. Its Report has been circulated with MISC 104(84)1. Its terms of reference were:

"to examine the Urban Programme in England with the aim of clarifying its objectives and relationship to other programmes. It will examine the programme's scope, methods and priorities, and the resources devoted to the various parts, considering whether it achieves its objectives efficiently and cost effectively, and is giving good value for money".

5. The Report confirms the continuing need for a UP and the advantages it gives central government in influencing local authority expenditure. The Review did not discover evidence of significant waste, but did feel that there was a need for better targetting, better co-ordination with other programmes and improvements in management. Its major recommendations are:

a. National economic recovery is of prime importance to the inner cities. Nothing should be done in the name of urban policy which would tend to weaken the discipline on local authority expenditure.

b. Clear and realistic objectives for urban policy as a whole need to be formulated. Targets should be set for the Inner Area Programmes of individual authorities, and for individual projects within these Programmes.

c. UP Resources should be concentrated on those areas where the most severe problems continue to be found.

d. There should be proper project appraisal, clear responsibility for management and more stability in the allocation of funds over time.

e. A more discriminating approach to 'economic' projects is needed, which should concentrate on removing the impediments to enterprise.

- f. The voluntary sector gives good value and deserves special support.
- g. Other Government Departments besides the Department of the Environment, (DoE), especially the Department of Trade and Industry (DTI) and the Manpower Services Commission (MSC) need to be brought fully into the management of urban policy.
- h. It is time to re-write Labour's 1977 White Paper and re-launch the Urban Programme. The organisation needs to be reconsidered. This may be by evolution of the existing arrangements or by the establishment of a new executive agency.

Your earlier discussion

- 6. You held a meeting to discuss the Review on 2 July. It was decided that the present MISC Group should be set up to consider four issues which arose immediately, any others which might arise and to oversee the continuing development of urban policy. The four issues are:
 - a. The objectives of Urban Policy and the Urban Programme. The Report suggested that these should be more clearly defined. MISC 104(84) 2 contains the Secretary of State for the Environment's view. It forms the basis for the first meeting of the Group.
 - b. Management structure of the UP. This needs to be considered at two levels; that of management in particular areas and at the centre. The choice presented in the Report is between:
 - i. A continuation of the existing partnerships at local level between local and central government, but with the extension of the task force concept used in Liverpool. These would be under DoE leadership and DoE would continue to be responsible at the centre for the urban programme.
 - ii. An executive agency, operating both central policy under Ministerial guidelines and local operation with staff from both the local and central government and the private sector.

There is a further option:

iii. To extend the task force concept to the central direction of the UP as well as to its local operation. The central task force could be responsible to a designated Minister who would in turn report to MISC 104.

These organisational issues are touched on in the Environment Secretary's Memorandum. Your meeting asked Sir Robert Armstrong to examine these issues in greater depth and it would be premature to discuss them in MISC 104. What is best may in any case be affected by decisions taken about objectives.

c. Methods to be used when local authorities are unhelpful. This could involve more use of the Development Corporation concept or the channelling of grants directly to the private sector, as alternatives to the partnership model. Your meeting asked the Environment Secretary to consider the scope for paying urban development and derelict land grants direct to the public sector.

d. Publication of the Report. The fact that the review has been undertaken is public knowledge, and the Select Committee on the Environment has asked if it may see the Report. There will be pressure to publish the Report and the Secretary of State for the Environment favours early publication, subject to some editorial amendments. It will be best to consider this further when the Government is closer to establishing its position.

In addition, at some stage the Group will need to consider the question of:

e. Resources. What level of resources are to be allocated to the Urban Programme; are further resources to be devoted to urban policy through other programmes; how should resources be allocated to objectives. The question of resource levels should await the public expenditure bilaterals, but resource allocation would be a suitable topic to follow on from discussion of objectives.

MISC 104(84)2: OBJECTIVES

7. Discussion starts logically with consideration of objectives. The Secretary of State for the Environment's memorandum distinguishes three categories:-

a. Policy objectives. He suggests that the broad aim of urban policy is "to help the inner cities through a process of necessary economic and social adjustment to a position in which they have a future in which people want to live, work and invest". (Paragraph 8 of MISC 104(84)2). The Report itself does not have an aim for urban policy as such but it suggests the following as an objective for the Urban Programme (para 34 of the Report):

"The objective of the Urban Programme should be, within the framework of the Government's overall economic and social policies, to assist local authorities to deal with the special concentrations of social need associated with the decline of the inner cities, and to find a new economic and social equilibrium. The Urban Programme aims to do this both, in the short term, by helping them to tackle some of the extra social needs directly and, in the longer term, by helping the local economy to redress its disadvantages and fit itself for the demands of modern industry and commerce."

Though not identical, there is probably not much between these formulations. Discussion at this level of generality can easily become too philosophical and unless anyone wishes to suggest something radically different it is probably best to accept these provisionally and go on to the second, more concrete, level.

b. Programme objectives. The objectives set for each programme and for individual projects should be specific both in terms of priorities and performance targets. Objectives for each area will generally include:

- (i) Increasing local job opportunities, improving employment skills and fostering local business confidence and private enterprise.
- (ii) Improving the physical environment and housing stock.
- (iii) Reducing the causes of social stress and improving the delivery

and cost effectiveness of essential public services whilst reducing dependence on them.

These objectives should be of a continuing nature and may be translated into quantifiable objectives for each year's programme - eg area of waste land to be reclaimed, number of training opportunities, scale of housing improvements etc. (Paragraphs 10 to 12 of MISC 104(84)2).

c. Project objectives. Annex B of the memorandum contains examples of individual projects, illustrating the types of specific objectives which can be attached to them and the kind of performance measures or criteria that can be applied. At this level performance measures and criteria can be more easily applied. (Paragraphs 13 and 14 of MISC 104(84)2).

HANDLING

8. Before asking the Secretary of State for the Environment to introduce his memorandum you may wish to remind the Group that the review was commissioned by Ministers, the Report speaks of the need to re-write the 1977 White Paper and relaunch the Urban Programme and so there is a need to take stock of the priority and thrust the Government attaches to its urban policy ie. the Government's overall attitude towards the problems of the inner cities as well as the Urban Programme - which is one instrument in carrying out that policy.

9. After the Secretary of State for the Environment's introduction, the Group should first consider briefly the most general level of objective (the so-called Policy objective - Paragraph 8 of the memorandum). It is important debate does not become too discursive. It might concentrate on just one point which has implications for the appropriate level of expenditure -

Is the policy objective, at least for now, to assist the localities concerned to adjust to their decline or is it, more positively but also no doubt more expensively, to assist in the renewal of their economic and social viability?

10. The Group might then go on to the second (so-called Programme) level of objective (Paragraphs 10 to 12 of the memorandum). It needs to be clarified whether these are in fact objectives for urban programme expenditure in particular,

or for urban policy (ie. all relevant programmes) more generally. In so as it is the latter it is probably impossible to make them more specific, but Departmental ministers might be asked to produce papers for subsequent discussion on how their particular policies and resource allocations address the objectives and what more they can do.

11. So far as the urban programme is concerned -

- Can the objectives be made more precise?
- How far can sensible quantified value for money judgments be made? Especially in the short term?
- Can anything sensible be said about relative priorities between them? For example, should urban programme expenditure be concentrated on eg. (a) dealing with derelict sites and empty buildings where progress can be measured, and (b) support to voluntary sector activity which the Report considers to have been productive expenditure, while leaving the concentration of effort on eg. job opportunities and employment skills to MSC and DTI programmes.

12. Depending on the discussion the Secretary of State for the Environment might be asked (a) to revise the objectives for further discussion/final approval by the Group and (b) depending on the priorities' identified and role seen for the UP, to discuss resource requirements with the Chief Secretary and colleagues (the Report - subsidiary recommendation 19 - recommends that the Home Office and DTI should make contributions) and to report back to the Group.

13. Future work of the Group.

Of the four subjects already identified for the attention of the Group, only objectives will have been dealt with at this meeting. Management structure of the Urban Programme and methods to deal with unhelpful local authorities require further work. Sir Robert Armstrong is already considering the former; the Secretary of State for the Environment might be asked to put in a memorandum on the latter. That leaves the presentation and publication of the Report. The alternatives are:

- a. Publish the Report, subject to some editorial amendments, soon.
- b. Publish the Report later, together with a Government statement of its views on urban policy (possibly a White Paper).

- c. Do not publish the Report, but publish a White Paper or other statement.

Much will depend on how far there is a need to "re-launch" urban policy. Does the Group feel that a re-launch is appropriate - if so on what time-scale?

14. It might also be useful to put work in hand on (a) whether there is scope to give more help to the inner cities through reviewing the Grant Related Expenditure (GRE) methodology of the Rate Support Grant (this is the Report's subsidiary recommendation No. 1); and (b) other lesser aspects of the Report mostly arising from the subsidiary recommendations (eg. the size and role of the "traditional" urban programme). The Secretary of State for the Environment might be invited to prepare papers on these matters.

CONCLUSIONS

15. You will wish the Group to reach conclusions on:-

- a. The general objective for urban policy.
- b. The "programme" objectives for urban policy, possibly asking Departmental ministers to provide papers and how their policies and resource allocations relate to the objectives.
- c. Priorities and targets for the Urban Programme, possibly asking the Secretary of State for the Environment for papers on revised objectives and resource aspects.
- d. Whether or when to publish the Report and whether to issue a White Paper or some other Government policy statement.
- e. The future work of the group:

- i. organisation (advice to come from the Head of the Civil Service)
 - ii. unhelpful local authorities;
 - iii. conclusions on the subsidiary recommendations.
- } possibly commission papers from the Secretary of State for the Environment.

U.D.G.



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13 July 1984