

LS (UP)

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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.

AKW.

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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.*

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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.

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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.

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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.)

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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;

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(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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