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FROM: SIR DAVID FELL  
13 FEBRUARY 1997

cc PS/Sir John Wheeler (B&L) - B  
PS/Michael Ancram (B&L) - B  
PS/Baroness Denton (B&L) - B  
PS/Mr Moss (B&L) - B  
PS/PUS (B&L) - B  
NI Perm Secs  
BSAG Members  
Mr Stephens - B  
Mr Thomson, DFP  
Mr Warburton, DOE  
Mr Hayes, DOE  
Mr Foster, LDO  
Mr Sweeney, DOE

PS/SECRETARY OF STATE (B&L) - B

MBW REVIEW

#### INTRODUCTION

1. In 1993, following a review of Making Belfast Work for the period up to 1991/92, the Secretary of State agreed that funding for the initiative should continue until the end of March 1997 subject to a further review by that time. That Review has been undertaken over the last six months by Deloitte & Touche: this submission provides a summary of the main conclusions of the Review and makes recommendations about initial responses. Deloitte & Touche were supported by Cambridge consultants Peter Tyler and John Rhodes who have a strong track record in the evaluation of urban initiatives in Great Britain. (They are currently evaluating the single regeneration process for the Department of the Environment in Great Britain.)

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## BACKGROUND

2. Annex A provides a brief background to the MBW initiative and a survey of the continuing problems of the areas covered by it.
3. In deciding in 1993 to continue the MBW initiative following the review, the Secretary of State nevertheless concluded that the overall strategy should be revised, ahead of the next major review in 1997. As a result, a comprehensive consultation exercise was carried out in the city in 1994 and a new strategy was announced by the Secretary of State in March 1995.
4. This included a more strategic approach to the elements of disadvantage in local areas; a greater response to need rather than demand; and - of key importance - the development of area partnerships as a means of harnessing local involvement in the regeneration of local communities. Ideally, it might have been preferable to have had a longer period with the revised strategy before making a further assessment. However, the current review by Deloitte & Touche was undertaken on the basis of the consultants' view that there would be sufficient data to monitor and evaluate the programmes both before and after the revised strategy. The Review, therefore, covers a four year period from 1993 to 1996.

## REVIEW METHODOLOGY AND FINDINGS

5. The terms of reference for the consultants' assignment are set out in Annex B. They were required to provide an aggregate assessment of MBW taking account of the range of social, economic and environmental and community outputs of the programme. While this approach precluded detailed sectoral evaluations, the analysis was informed by data collected on over 3,000 individual projects, a detailed analysis of 57 larger projects and by evaluation studies already undertaken for parts

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of the MBW programme, including the evaluation of LEDU projects which received MBW funding. The consultants recognised that different types of benefit measured in different units cannot be easily compared in value for money terms and thus they used a standard evaluation technique in which the programme benefits are presented as a 'basket of benefits'. In addition, widescale consultation in the form of structured interviews and focus groups was carried out with statutory private sector and community interests.

6. A copy of the Review, which is bulky, will follow separately, but Annex C highlights its main findings.

**BSAG ASSESSMENT**

7. At a recent meeting to assess the report, the Belfast Special Action Group (BSAG), which I chair, focused on three main aspects, and the following summarises the BSAG view:

- (a) Value for Money (VFM): it was not the main purpose of the report to assess VFM in absolute terms in individual functional areas - employment, employability, education etc. Instead, the consultants were primarily asked to examine the aggregate impact of MBW, rather than focus on VFM in specific functional areas in absolute terms. To do this, as noted, the consultants used the 'basket of benefits' methodology deployed elsewhere in the UK. Within some of the categories which go to make up the 'basket of benefits', BSAG expressed some concerns about the use of terms like 'additional benefits to 100,000 young people' as ill-defined and liable to multiple counting - though the report fully acknowledges these limitations. For all that, BSAG recognised that the strength of the 'basket of benefits' approach is that it provides a valuable comparative measure, particularly - as

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set out in paragraph 3 of Annex C - by showing that overall MBW stands up well in VFM terms in comparison with the outcome of the English Inner City Taskforces, albeit with different emphasis and geographical coverage. There remains however no room for complacency in relation to absolute, as opposed to comparative, VFM and work continues to achieve high standards in this; and BSAG will also be re-considering the key targets for MBW in light of the Review's findings.

- (b) Leverage: as recounted in paragraph 5 of Annex C, MBW stands up less well when its leverage of other funding is compared with other DOE schemes (63p:£1 versus £3:£1). BSAG believes, however, that this is an inappropriate and therefore unfair comparison. In UDG or Laganside areas the private sector is the main driver and schemes are largely tailored to levering in its contribution. In contrast MBW areas suffer from a long-term lack of private sector investment and have difficulty attracting its interest and confidence (though investments by eg F G Wilson and Fujitsu, through IDB effort, show that the mould can be broken). Indeed it is this private sector reluctance to invest which, to a large extent, lies at the root of the need for this initiative. MBW has thus largely evolved to encourage the social economy, while at the same time, where possible, stimulating the private sector, through its Business Support Group and Business in the Community, to engage more directly in MBW areas. But we should now aim to lever in greater private sector participation and funding (more easily achieved in mainstream programmes rather than MBW), alongside a continuing objective to improve employment prospects and employability for those in MBW areas where the private sector remains reluctant to invest.

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(c) Single Regeneration Office/Budget: The consultants recommend the amalgamation of DOE's Belfast Development Office (BDO) and MBW, with a single regeneration budget. BSAG accepted that this recommendation makes much sense and should be accepted in principle. But it also concluded that more detailed work needed to be done to establish how such a budget would be operated while ensuring that such a development would enable MBW to continue to maintain its own particular identity and allow it to focus on employment and employability rather than on, for example, infrastructure development (a major priority for BDO); and to ensure that the amalgamation of the two offices could be managed so as to produce economies of scale.

8. BSAG endorsed the consultants' conclusion that the net benefits of four years of operation of the programme were substantial, and had clearly made a significant contribution to the wellbeing and quality of life of inner Belfast residents, the more so because they were targeted on what remains one of the largest and most severe areas of deprivation in the UK, which continue to experience severe levels of economic disadvantage, social exclusion and community division. Overall, BSAG noted that there remains a strong case for a continued special focus, through MBW, on the most deprived areas of Belfast. It is strongly of the view that the political case for this also remains convincing (as set out most recently in the joint submission from PUS and myself of 18 November 1996) and that the economic and social organisation in the Deloitte and Touche Report further strengthens this case. It therefore recommends the continuation of MBW (as of course was implied in the 1996 PE announcement). But officials also recognise that (largely in light of the consultants' report) further work needs to be done to ensure that our Belfast regeneration effort is focused to best effect and maximises value for money.

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9. Officials also conclude that detailed planning should begin with a view to developing a single regeneration office and budget.

**PUBLICATION**

10. There is some expectation of early publication. Mr Moss has referred to the report in a speech last September, and of course many, outside Government, were involved in Deloitte & Touche's consultation processes. Open Government guidelines point to publication too. We have concluded that a summary should be published as soon as Ministers agree. But it would make for a much more credible presentation if Ministers, on publication, were able to confirm the continuation of MBW and their agreement in principle of the case for a single regeneration office and budget, which would now be the subject of detailed examination.

**CONCLUSION**

11. I invite the Secretary of State to note the consultants' report and BSAG's assessment of it; to agree that MBW should continue; to agree also that the case for the amalgamation of MBW and the BDO into a single regeneration office and budget has merit and that further planning should now be put in hand. If Ministers accept these recommendations, the early publication of a summary of the report could be accompanied by Ministers announcing their acceptance of these recommendations.
12. Officials will be happy to discuss with Ministers should they so wish.

A handwritten signature in dark ink, appearing to read 'David Fell', with a horizontal line underneath.

**DAVID FELL**

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ANNEX A

### Background

1. The Making Belfast Work initiative began in 1988, a year after the Belfast Action Teams had been set up under the auspices of DOE. While the Action Teams were designed to focus mainly on small local community-based projects, Making Belfast Work, then co-ordinated by Central Secretariat, sought to target much more strategic issues in the areas of disadvantage in the city. A Belfast Special Action Group (BSAG) was established under the Chairmanship of the Head of the Northern Ireland Civil Service and comprised senior officials from Departments and key agencies. This group provided the strategic leadership for the initiative.
2. The broad elements of the initiative were that a dedicated block of resources would be made available against which Departments and Agencies would bid for programmes in the areas of disadvantage. Apart from meeting social, economic and, to a lesser extent, environmental objectives, Departments had to demonstrate that projects were genuinely additional to mainstream activity and provided innovative and radical approaches to regeneration, which might in due course be absorbed into mainstream programmes. Initially MBW had additional resources in the region of £10m pa and this gradually increased to an annual budget in the region of £25m. An additional £3m per annum was provided by DOE to support the work of the Action Teams.
3. The need for this approach stemmed from a realisation that the social and economic profile of the most disadvantaged parts of the city was not improving as a result of mainstream programmes and that a more focused and integrated approach was required to tackle deep-rooted and multi-dimensional problems. There was also a political dimension to the initiative in that then, as now, the Government accepted a close correlation between social

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and economic disadvantage and support for extreme politics and violence, in both Protestant and Catholic areas.

4. MBW currently covers 32 wards in Belfast containing almost 50% of the city's population. Within these wards, levels of economic disadvantage, exclusion and division, while showing some improvement in recent years, remain extremely high in comparative terms. The familiar problems of rapid economic change in older industrial cities continue to interact with conflicts between communities and within communities.
5. The unique circumstances of the last 25 years have caused population movements resulting in a substantially divided city with insular communities bounded by barriers, both physical and mental. 1971-1991 saw a decline in the inner city population of 55% which was accompanied by deepening residential segregation. In relation to employment, MBW areas contain higher levels of semi and unskilled workers than the regional average and there are significantly higher unemployment rates particularly of males and those out of work for more than 2 years. Attracting inward investment and jobs to these areas has been a massive challenge and in a large number of areas normal market forces do not operate. Income levels are simply not high enough to sustain commercial or retail activity.
6. Education attainment has a direct link to employability and economic development and MBW areas have consistently exhibited lower educational achievement levels than other parts of Northern Ireland. There is under provision at pre-school level, low teaching morale and limited parental involvement in schools. While housing has seen significant improvement over the last decade there are still areas of decay like the Crumlin Road or the Lower Falls area. Levels of long-term illness are much higher in MBW areas compared to other parts of the City or Northern Ireland. Particular problems relate to youth crime with joyriding and substance abuse prominent throughout the areas threatening community cohesion and safety.

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ANNEX B

**Terms of Reference of the Review**

1. The overall objectives of the Review of MBW were:
  - (i) to locate MBW in the context of other Urban Regeneration initiatives in Belfast;
  - (ii) to establish a baseline position for the MBW area;
  - (iii) to assess the extent to which MBW funds are being expended in a manner which is consistent with its aims and objectives;
  - (iv) to gauge the extent to which the programme's aims and objectives are being achieved and the impact that this is having on the MBW area and its communities;
  - (v) to make an assessment of the value for money and cost effectiveness of the MBW programme; and
  - (vi) to assess the extent to which the process employed to deliver MBW expenditure, and the outcomes of such, are consistent with TSN and PAFT principles.

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ANNEX C

**Deloitte & Touche Review: Conclusions**

1. The Review concludes that in terms of net additional benefits the programme has generated about 1,900 jobs in the inner city throughout the four years under Review, provided assistance to over 4,000 small businesses, assisted over 1,600 disadvantaged people to gain access to the labour market, brought additional benefits to over 100,000 young people and, through community projects, involved about 130,000 adult residents from highly deprived communities in Belfast. These figures may contain some duplication in that an individual may score in more than one initiative and of course initiatives vary from those which are one-off to others which deliver a service over an extended period. The consultants nevertheless still rated the impact of MBW as significant. The review concluded that the net benefits for four years of operation of the programme are very substantial, the more so because they are successfully targeted on one of the largest and most severe areas of deprivation in the United Kingdom in which the difficulties and costs of policy uptake and delivery are inevitably well above the average. It concludes that the programme has clearly made a significant contribution to the wellbeing and quality of life of inner Belfast residents.
2. In assessing the overall value for money, the Review used 'a basket of benefits' methodology to measure the benefits achieved and to enable comparisons to be made with other initiatives. In assessing effectiveness it was essential to identify how well the activities supported under the initiative have been able to help solve the underlying problems of people in the areas concerned. This approach was considered best in circumstances where weighting of outcomes was difficult, for example, when attempting to bring together the achievement of a project supported by MBW funds which helped to rehabilitate young drug offenders in comparison with a project which has provided new jobs or created a new business.

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3. The methodology calculates how much of each benefit in the basket is achieved for every £20,000 of public sector costs. The following table from the Report illustrates the total achievements for every £20,000 of Making Belfast Work investment and compares that with the nearest equivalent initiative in Great Britain, the Inner City Task Force Programme:-

What MBW achieved for £20,000 of net cost (1995/96 prices) in comparison with the Inner City Task Force Programme in England

	MBW	TASK FORCE
Job years created	1.6	3.3
SMEs assisted/advised	1	7
Number of trainees	3.6	3.4
Number of community beneficiaries	28	20
Number of young people benefitting	22	-

4. In making the comparison with the Task Force Programme, the Review emphasises significant differences. These relate to the fact that Task Forces concentrated on small geographical areas of two or three wards and focused more on economic objectives than on social, educational or community objectives. The Task Force bias towards economic objectives and comparisons with Making Belfast Work is clear from the evaluation results and whereas the Task Force achieved more for £20,000 of cost by way of job years created and small and medium enterprises assisted, support for trainees is about the same and benefits in terms of community development and support for education projects was substantially less. In essence the Review indicated that in the absence of private sector led regeneration in MBW areas, the social economy has been a dominant and successful approach to address the multiple aspects of deprivation in the City.

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5. The Review found that in addressing the worst areas of multiple resident deprivation other funding was levered in, mainly from other public sector funding sources including Departmental funds, European structural funds and the IFI rather than from the private sector. The consultants estimated from project records that every £1 of MBW programme expenditure levered in 63 pence of other expenditure. Thus the £93.1m of direct MBW cost gives a figure of total input, including levered funds, of £151.8m over a four year period. (This compares with £3 levered in for every £1 spent in other DOE schemes such as UDG, and Laganside). The Report emphasised that one significant reason why the private sector leverage ratios were unfavourable in the MBW initiative was that physical regeneration through the private sector was the domain of the other DOE programmes like Laganside and the Urban Development Grant, so crowding out similar private investment in the more difficult MBW areas.
6. On other issues such as co-ordination between statutory Departments, the bending of mainstream funding, innovation, project design and durability of outcome, the findings of the consultants are positive. Their Report also records that the leadership role of BSAG seems to be highly regarded. The capacity of Making Belfast Work to move programmes into mainstream funding and lessen a dependency culture, particularly amongst community organisations, is highlighted as requiring attention in the next phase though the Review noted that MBW had made significant efforts over the past few years to change that culture.
7. As far as future regeneration policy is concerned, the consultants conclude that there is a continuing need for a dedicated and integrated approach to regeneration in Belfast. Despite some inroads made by the MBW initiative, the areas continue to experience severe levels of economic disadvantage, social exclusion and community division. The consultants also point out that the development of the Single Regeneration Budget

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to deal with similar problems in English cities recognises that they cannot be addressed effectively through mainstream provision and that targeted and integrated programmes such as MBW are required to provide a catalyst and lever additional investment.

8. The consultant's recommendations for future policy have five elements:-

- i. there is a need for MBW to continue as an integrated regeneration initiative;
- ii. generating increased private sector investment should be a major priority;
- iii. the urban regeneration policies operating in Belfast should be brought together into a single budget within a single regeneration body;
- iv. the regeneration body should continue with a small number of area Team offices; and
- v. community groups and the private sector should increasingly and actively involved in the regeneration process in such a way that economic development capacity is enhanced and effective local Partnerships can be further developed.

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