

CONFIDENTIAL - POLICY

FROM: MICHAEL ANCRAM

DATE: 31 October 1995

To: Secretary of State

cc PS/Sir John Wheeler (DFP, B&L)  
 PS/Michael Ancram (DENI, B&L)  
 PS/Baroness Denton (DED, DANI&L)  
 PS/Mr Moss (DHSS, DOE&L)  
 PS/PUS (B&L)  
 PS/Sir David Fell  
 NI Permanent Secretaries  
 Mr Thomas  
 Mr Bell  
 Mr Cowan  
 Mr Gibson  
 Dr Harbison  
 Mr Holmes  
 Mr Quinn  
 Mr Watkins  
 Mrs Brown  
 Mr Maccabe  
 Mr Lamont, RID  
 Mr McCusker

*Mr Crubas  
 A useful input.*

SPRINGVALE UNIVERSITY CAMPUS PROPOSAL

1. I have seen Sir David Fell's minute of 30 October recommending that for the purposes of constructing this year's PES scenario we should leave aside the question of the Springvale proposal; and that any financial implications should instead be dealt with between the 1995 and 1996 PE Surveys, as and when we reach our decision in principle on it. Assuming a decision early in 1996, this would require us to redefine the baselines established in the current Survey for 1996 and succeeding years.

2. I have no difficulty with the basic proposition in Sir David's minute: to keep a large contingency allocation uncommitted in the PES settlement identified for Springvale would de-stabilise an already difficult public expenditure round. It would clearly be foolish to do so on the basis of the current state of play on the initiative.

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3. I am, however, very concerned about the delay in concluding the economic analysis of the proposal. It is now six months late, and there is no end yet in sight. In the meantime expectations continue to be raised, and political lobbying proceeds apace. The longer this goes on, the more difficult our position becomes and the harder it is to preserve our room for manoeuvre.

4. I would therefore like to see us reach a decision in principle - one way or the other - as soon as possible. To do so we need to address three main questions:

a. Does the UU proposal represent an acceptable level of value for money?

The PIEDA analysis to date suggests that it does not; and the NIHEC assessment is also unfavourable. I am aware that UU and others have raised questions about some methodological points. Personally, I am sceptical that this is other than special pleading; there is always scope to dispute methodologies in such a complex appraisal, but it would require some very major changes to affect the broad balance of PIEDA's overall assessment. However, I realise that some colleges may take a different view. We will presumably have PIEDA's reactions soon: we should then make up our own minds.

b. Is the UU proposal affordable?

Even if we were satisfied that Springvale was desirable and represented acceptable VFM there is still the question of affordability and of opportunity cost: indeed it would entail a direct cost in the form of cuts to mainstream services over and above those which may be necessary in this Survey. I would welcome DFP's comments on this. What sort of projects might have to be foregone if

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Springvale were to be funded? How should expenditure on it be ranked relative to, say, major industrial development projects - which peace must surely make more credible for West Belfast than might have been assumed when the UU proposal first came forward?

c. Does the proposal represent the best balance of cost and benefit?

So far we have been reacting to a UU proposal. That proposal is aimed at objectives - educational and social - which are laudable, and which we share. But is it necessarily the best and most appropriate way of pursuing them? This is not a question to which we have given sufficient attention to date. It is the area where I think we now need to do some work.

5. I understand the views of those colleagues who would argue that we should keep an open mind on Springvale until the economic assessment is clear. But on any reckoning there are at least enough question marks over its prospects to make it worthwhile looking at alternatives. If Springvale does not go ahead, how are we to manage the expectations that have been raised, and how are we to address the real problems - educational and social - which the UU proposal has highlighted? I think it would be very difficult simply to say no to Springvale and leave it at that. I therefore very much support the proposition in Sir David's minute that we should be looking at alternatives to UU's proposal, ie other ways of addressing social need in North and West Belfast (including, but not necessarily confined to, developments at Springvale). Both as part of our own assessment of the acceptability of the UU proposal and as a contingency plan as to how to handle a negative decision on it, there is a need to identify and assess alternative approaches to the undoubted problems of the area.

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6. Sir David's minute is thus very much in line with how my own thinking was developing but I would like to see it addressed with a greater sense of urgency. I believe that you should now commission the three Departments most directly involved (DENI, DOE and DED) to bring forward to Ministers collectively their proposals for possible alternative approaches to the problems which the UU proposal was intended to tackle, but working to a more modest budget (eg less than 50% of the capital cost of the UU proposal). My own Department has already done some work on the possible educational components of such a package and would be happy to table some ideas for inter-departmental consideration.

7. Although the main emphasis to date has been on the capital cost of Springvale, we need to address recurrent as well. For example, an increase in HE places will play a necessary part of any package aimed at the objectives which UU has highlighted. An issue which we would have to face on any model would therefore be the consequent necessity to lift the maximum permitted student numbers in HE in Northern Ireland whether for Springvale or for an alternative. This will inevitably have resource implications, eg for student support, which are difficult to quantify precisely. Again my officials would be happy to discuss this with DFP. But the size of the increase - in numbers and in recurrent costs - that would be involved in an alternative to Springvale (which is likely to involve FE/HE as well as, or instead of, university provision) would be both more controllable and, for any given number, lower than on the Springvale basis. This, and the greater flexibility that would derive from spreading the increase over several institutions, would be considerable benefits.

8. My own view is that such an alternative package could well be more attractive intrinsically as well as more affordable. That belief would, of course, have to be tested and validated by the more precise costings and further appraisal that I would wish to see commissioned, but I can see every advantage in proceeding to work up these possibilities as soon as possible.



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9. In short, I suggest that we give officials the remit of bringing forward - by, say, the end of November - an alternative set of proposals, to illustrate what other projects might be implemented if the eventual decision on Springvale is negative and which would also act as one of the benchmarks against which our consideration of the UU proposal will be judged.

10. I also support what Sir David's minute says about President Clinton's visit. We know that the proponents of Springvale will be lobbying for him to say some words of encouragement and I appreciate the importance of tapping any goodwill that may exist. But I hope that, without at this stage closing any doors, we can explain to him that the case for Springvale is by no means as straightforward as its proponents have argued, and that we can broker with him a form of words which would express support for the objectives - of social, economic, and educational regeneration for West Belfast - which does not appear to lock the US administration into support for any particular solution. We should instead encourage them to keep their options for action as open as we are keeping our own.

*Colin Jack*

*pp.* MICHAEL ANCRAM

(Seen and cleared by Michael Ancram  
and signed in his absence)

Mr. Sullivan

50 4166/95

JGS/5551/95

1. your query below refers

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- 2. The report referred to was the NIFEC's Response to U's Springvale Proposal
- 3. See ~~attached~~ letter Tabbed on attached file.

HCS/816/95

*Pauline*  
11/11/95

FROM: SIR DAVID FELL  
30 OCTOBER 1995

- cc PS/Sir John Wheeler (DFP, B&L) - B
- PS/Michael Ancram (DENI, B&L) - B
- PS/Baroness Denton (DED, DANI & L) - B
- PS/Mr Moss (DHSS, DOE & L) - B
- PS/PUS (B&L) - B
- NI Permanent Secretaries
- Mr Thomas - B
- Mr Bell - B
- Mr Cowan
- Mr Gibson
- Dr Harbison
- Mr Holmes
- Mr "Quinn"
- Mr Watkins - B
- Mrs Brown - B
- Mr Maccabe - B
- Mr Lamont, RID - B
- Mr McCusker

*copied 31/10*

*2 - J. H. ...  
102 of our ...  
31/10*

*Mr. Dennis - re X  
what did NIFEC say?  
when?  
JGS 31/10*

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

SPRINGVALE UNIVERSITY CAMPUS PROPOSAL

- 1. The purpose of this submission is to provide an update on the handling of the University of Ulster's proposal to establish a campus at Springvale and to make recommendations on two specific issues which arise from it.

BACKGROUND

- 2. The economic appraisal on the proposal is at an advanced stage, with the three education institutions directly affected by the proposal having now provided extensive comments on the draft report from PIEDA, the consultants. Expectation in the public domain has been rekindled, as evidenced by recent letters from Dr Joe Hendron MP and Mr Cecil Walker MP (jointly), whose constituencies are directly affected by the proposal, Reg Empey

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and Martin O Muilleoir. PIEDA will be considering the comments from the 3 HE institutions as well as Departments before finalising their report and it will still be some little time therefore before officials will be in a position to submit final advice to Ministers. However, the handling of the proposal within the context of the 1995 PE Survey, and the public presentation of the Government's decision on the proposal merit early Ministerial consideration.

PES

3. Ministers have previously recognised that we should have a thorough, comprehensive and sound economic appraisal which we can stand over in the event of challenge from any interested party. Such is the sensitivity of the proposal that the grounds for Ministers' decision, positive or negative, must be seen to be solid. The timetable for the 1995 PE Survey is now well advanced, with PCC consideration of the Survey paper scheduled for 1 November and Ministerial bilaterals for the week commencing 6 November. Given that more work is required to complete the economic appraisal, it is now clear that Ministers will not be in a position to reach a clear and final view on the Springvale issues in time for them to be factored into the 1995 Survey. This being the case, it will greatly help the Survey process if the Springvale proposal can be removed from consideration as a 1995 Survey issue. DFP need to reflect a clear assumption about how Springvale is to be handled in their final PE papers for Ministers. The figures involved are sufficiently large that either their inclusion or exclusion would have a material effect on the overall balance of the overall PE package put forward for Ministers' consideration. The Secretary of State is therefore now asked to agree that, in the circumstances, resource implications of Springvale cannot be settled in the context of an orderly 1995 Survey.

4. It would, on the other hand be difficult to postpone consideration of Springvale until the completion of the 1996 Survey this time next year. However, all the relevant Departments, including crucially DFP, consider that it will be possible to make a decision on the Springvale resource issues outside the 1996 Survey. If Ministers were to decide in the interim that resources were required for Springvale (or for some substitute package - see below) these would be identified and agreed at that time by Ministers and the necessary offsets would then be removed from the baselines emerging from the 1995 Survey.

#### PUBLIC PRESENTATION

5. It is fair to report that, on the basis of the work done to date, the relevant Departments remain deeply divided about whether there is or is not a case for supporting Springvale. However, while it is clearly premature to take a substantive or concluded view on Springvale it may nonetheless be sensible to consider, entirely without prejudice and on a contingent basis, the handling and public presentation of any eventual decisions. A favourable decision will have to be presented in a convincing way, addressing the education, urban regeneration, economic, social and political justification for devoting scarce PE resources to the project. A negative decision presents greater problems, though two considerations are particularly relevant: first, the report from the Northern Ireland Higher Education Council asserted a need for the future expansion of higher education provision generally in Northern Ireland, though additional PE provision for HE will depend on Ministers' decisions on priorities. And secondly, the current draft of the PIEDA economic appraisal on Springvale asserts what the consultants term "a pressing need for urban regeneration action in the communities around the Springvale site" whether or not the campus proposal proceeds. These two considerations ie, the assertions on the need for future HE expansion and urban



regeneration, allied to the inevitable disappointment in some quarters at a negative decision (should that be reached), would create a considerable pressure on the Government to address these issues as a matter of urgency. There will undoubtedly be those who will remind Ministers of the relative absence of large-scale public and private sector investment in North and West Belfast as compared with East and South - a disparity clearly seen, and resented, by residents of the North and West.

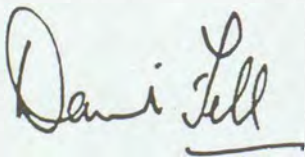
6. There is of course no budget identified within existing baselines for any new initiatives to address these issues, but Ministers may consider that some initial, contingent consideration could now be directed at official level to identifying a range of options, including of course the Springvale Campus, and their opportunity costs, to meet both the higher education requirements, and the demand for Government supported investment, of whatever sort, in Springvale. If Ministers agree, officials would bring forward proposals for their consideration.

7. One further point on presentation relates to the visit to Northern Ireland next month by President Clinton. It is for consideration whether HMG should seek to establish and perhaps to influence what, if anything, President Clinton might say about Springvale in such a way as to (hopefully) avoid the President fuelling an expectation which might not be met. If Ministers agree, officials can register this point through the channels already opened with US officials involved in the planning of the President's visit.

RECOMMENDATIONS

8. In summary, the Secretary of State is invited to agree that:-

- (i) the resource implications of Springvale cannot be settled in the context of an orderly 1995 PE Survey;
- (ii) the resource issue should be addressed outside the 1996 Survey with any necessary offsets to pay for Springvale (or some replacement package) being identified, agreed by Ministers, and removed from the Survey opening baselines emerging from the 1995 Survey;
- (iii) work should begin at official level, and on a contingent basis, to identify possible alternative options to address the asserted need in education and urban regeneration terms to be set alongside the Springvale proposal, in case it does not proceed; and
- (iv) briefing should be given to US officials in the hope of avoiding the President fuelling expectations about the Springvale project which may not be met.



DAVID FELL