PREM 19/1920

Inner Cities Policy + Problems.
Regeneration of Liverpool +
London Docklands.
Urban Development Corporation.

PART 7

Regional Policy.

Part 1: July 1979

Part 7: August 1985.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~8/8/85~~		~~18/12/85~~					
~~21.8.85~~		~~20.12.85~~					
~~13.9.85~~		~~30.12.85~~					
~~4.10.85~~		~~16.1.86~~					
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~~7.11.85~~		~~24.1.86~~					
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~~6/12/85~~							
~~10.12.85~~							
~~13.12.85~~							
~~16.12.85.~~							

PREM 19/1920

PART 7 ends:-

PM to Lewis Moss 31.1.86

PART 8 begins:-

CST to SS/Emp 4.2.86

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(85) 35th meeting, item 1	05/12/1985
Misc 124 (85) 5	04/12/1985

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed _____ Date 16/10/2014

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

1. House of Commons Hansard, 6 December 1985, Columns 533-587 "Young People (Violent Crime)"

2. House of Commons Hansard, 16 January 1986, Columns 1339-1346 "Urban Deprivation (Liverpool)"

Signed C Wayland Date 10 February 2015

PREM Records Team

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10 DOWNING STREET

THE PRIME MINISTER

31 January 1986

Dear Mr. Moss

Thank you for your kind letter of 23 January. I am very glad that the discussions have - in the end - worked out so well.

Yours sincerely

Margaret Thatcher

Lewis Moss, Esq., C.B.E., D.L.

Ref. A086/311

PRIME MINISTER

Inner Cities: Outline of an Initiative in Eight Localities
(MISC 104(86) 1)

BACKGROUND

Urban policy was reviewed in MISC 104 in 1984. As a result, four objectives for urban policy were agreed; spending on the Urban Programme was slightly reduced; and the programme's targeting and management improved. (The DOE component of the Urban Programme is at £241 million in 1985-86, reducing to £226 million in 1986-87, and then moving to £237 million in 1988-89.)

2. The present round of consideration was initiated by the Home Secretary's minute of 23 October, in the light of last year's riots. He wanted the Government soon to be seen to be doing something to stabilise the most volatile groups of young people, mostly black, and to give them more of a stake in what happened to them. Following your meeting of 14 November, the Lord President supervised the selection of eight localities as the possible sites for some new initiative. The Lord President's meeting was keen to put together a balanced package of localities, in which the ethnic dimension was not dominant and which would not lead to accusations that riot was being rewarded.

3. At the last meeting of MISC 104, on 19 December, it was agreed that the Secretary of State for the Environment might take a new legislative power to grant-aid private sector involvement in urban regeneration projects, and I was asked to consider arrangements for enhancing the management and targeting of Government activity in the eight selected localities. The

INCAAE

meeting had before it a paper by the Policy Unit suggesting, among other things, that an experimental approach might be to identify all Government spending targeted on selected problem areas, and to put it under a new form of central control, but the Group did not take any decisions on that.

4. The Secretary of State for the Environment's new grant-aid power was included in the Housing and Planning Bill introduced in the House of Commons last week. The purpose of the present meeting is to consider my report on a possible way of setting up an initiative in the eight selected localities under Department of Employment auspices. Because it was not possible for me to discuss this with the Employment Ministers until very late in the day, neither the policy nor the administrative machinery of my proposals has been discussed in any detail with other interested Departments.

MAIN ISSUES

(a) The need for an initiative, and the objectives

5. The first main issue is, perhaps, whether to pause to consider if we need an initiative of this kind at all. Quite apart from any problems in sorting out the administrative arrangements, the proposals are high-risk ones that involve considerable exposure of Ministers in areas where it will be quite exceptionally difficult to produce results. I believe that the concentration on small localities and the active involvement of Ministers are what the Group wants, and I think that a scheme that embodies these ideas will end up looking like the one I suggest. But the exercise has taken shape in a rush, and this is the first opportunity - and perhaps also the last - to stand back and appraise it, and consider whether to change direction.

INCAAE

6. If it is decided that the right thing is to press on with this, it will be necessary to be clear about the objectives. I suspect that there have been two different lines of thought here. On the one hand, there could be experiments in urban policy as such, focused on novel approaches to the familiar co-ordination problems, taking risks with relations with local authorities and being prepared (notably as regards education) to operate on a very long timescale. The Policy Unit paper exemplified that approach. On the other hand, some of your colleagues have been more concerned to show quick pragmatic results on the ground: as noted above, the Home Secretary has been specially keen to see something that responded quickly to the ethnic and public order dimensions.

7. The objectives suggested at paragraphs 2 and 3 of my paper take something from both these lines of thought, but they are designed strongly to emphasise the immediate and the pragmatic. In particular, they focus on the employment aspect. The emphasis on employment is, I think, justified by the flexibility of Department of Employment/MSC powers, the experience they have in operating on the ground, and the fact that youth unemployment is one of the few factors about which virtually every commentator on the urban scene would agree. But the proposals also envisage entirely novel arrangements for co-ordination on the ground between Departments and with local authorities.

8. The idea of securing local involvement through special task forces gives a vivid and exciting aspect to the Employment Ministers' outline scheme. But if the Group should draw back from anything quite as exposed as this, it would doubtless be possible to construct an expansion of the community programme that did not give quite so many hostages to fortune.

(b) The proposed structure

9. There is unlikely to be much argument in principle against the idea of providing the Minister in charge of this exercise with a small central unit (though whether Departments will find it easy to second staff is another matter).

10. The establishment of teams led by civil servants in very difficult localities is likely to be more problematic. The task force leaders will have to be people of quite exceptional talent, energy and flexibility, and I would agree that we have never before put it to the test whether Departments have such officials in such numbers that they can spare them for special duties of this kind. But if the priority is to establish activity on the ground in eight areas simultaneously, and to do that within a matter of months, I think that the proposed way of proceeding provides the best prospect of achieving it.

11. A good deal would remain to be done about the administrative infrastructure, including the question whether the Paymaster General's central unit would be associated in some way with the MISC 116 machinery. But the detail of these points does not have to be settled yet.

(c) Funding

12. This is a crucially important point, and it is one where the two lines of thought mentioned above come into some conflict. In his minute of 29 October, the Chief Secretary said "there must be a clear presumption against additional funding" and at its last meeting the Group's entire discussion was on the assumption that additional resources would not be required, and that what was at issue was the better targeting of what was currently available. The pragmatic question of what can quickly be done on the ground points diametrically in the other direction. The Employment Ministers are quite clear that their emissaries would not be

listened to if they met all requests for money by demands for switching priorities within existing programmes. This is especially true of the Urban Programme, which is running under reduced levels and is committed to local authorities for the year ahead.

13. The Treasury's position is, quite simply, that there can be no question of a call on the contingency reserve for extra money here, and that if there is a need for money to oil the wheels then it must come from the existing programmes of the Departments concerned.

14. I suspect that the Employment Ministers are right about the realities of operating on the ground, and the need to be seen to have a little extra money available, not just diverting money from other programmes. But the Treasury has a strong position on the contingency reserve. Presentationally, it will be important that this exercise is not seen to suck away money from other urban policy spending.

15. One possibility of meeting these requirements might be to suggest that a sum of the order proposed is very small within the overall spending of the relevant Departments, and that they should be invited to try to find it from within their spending programmes outside the urban policy area.

(d) Selection of sites

16. There is little to add on this point to paragraph 4 of my paper. The sites were selected with many considerations in mind, and the Employment Ministers may want to suggest an adjustment before they become totally committed to them. I know that Lord Young considers the omission of Merseyside to be difficult to defend, despite the obvious difficulties of operating there.

(e) Timing

17. One point that you will wish to bear in mind in considering timing is the fact that the General Synod is debating "Faith in the City" from 4 to 6 February. As you know, Lord Young is keen to get started as soon as possible and would like an announcement within a matter of days.

18. The risk of a very early announcement is that the arrangements being suggested are quite novel; we might have difficulty in laying our hands on the right staff; and we would not want to name our detailed list of areas without immediate capacity to follow through with them. If you decided that these arguments were persuasive, and that the matter should come back to MISC 104 before decisions were announced, you would get into a period when financial aspects might be wrapped up in the Budget rather more easily than they can be settled at present. The choice is between a rapid announcement in principle now, with all the detailed work to follow, and a rather more considered approach leading to an announcement around Budget time.

(f) Next steps

19. Whether an announcement is made soon or late, the next administrative steps must be for the arrangements between Departments to be clarified; for the core staff to be identified; and for arrangements to be set up for controlling whatever funds are made available. The choice here is for this to be done through Cabinet Office machinery or for the Employment Ministers to take the lead. I believe that, now that the Employment Ministers have been charged with responsibility for this, we shall make better progress if they are asked, in the first instance, to develop a set of proposals and agree them with colleagues.

INCAAE

HANDLING

20. You may wish to open the meeting by explaining that the proposals in my paper are based on the twin assumptions that Ministers should be personally involved in this initiative and that there should be highly visible Government activity on the ground in a few selected areas. The Group might be asked to endorse those propositions at the outset. You may also wish to acknowledge that circumstances have not allowed for normal interdepartmental consultation in working up these ideas.

21. You may then wish to ask the Secretary of State for Employment to explain how he sees this scheme working and you might then ask for general comments from the Secretary of State for the Environment, the Home Secretary and the Secretary of State for Trade and Industry. The Lord President will have views on general presentational aspects.

22. You will wish to ask the four Ministers in the lead both for their general views on the proposed task forces, and whether they will be able to contribute staff in the way proposed.

23. You may then wish to ask the Chief Secretary for his views on funding, and the Secretary of State for Employment to explain more precisely what influence he sees the new central unit and task forces having on other Departments' spending programmes, and why he sees extra money as essential.

24. In the light of the general discussion you will wish to settle the question of timing, and to decide whether the list of sites should be open to any further adjustment at the request of the Secretary of State for Employment.

CONCLUSIONS

25. You will wish to ensure that the meeting reaches decisions on:

(i) whether a youth employment initiative, focused on eight areas, should proceed under the Employment Ministers' leadership;

(ii) whether the structure of a central unit and local task forces is right;

(iii) whether, and how, additional funding should be found for this;

(iv) whether the list of proposed sites is acceptable;

(v) when an announcement should be made;

(vi) what presentation programme might accompany the announcement.

You will also wish to ensure that responsibility for working up these proposals is clearly allocated.

RTA

ROBERT ARMSTRONG

29 January 1986

INCAAE

PRIME MINISTER

INNER CITIES

Two points.

First, this initiative seems to have become too narrow. It was supposed to be about redirecting all the money which goes to particular areas, so far as possible. It is now concerned only with Department of Employment money. On this basis is the initiative going to be and look fresh and radical?

Secondly, the Autumn Statement said that: "The Government is reviewing the level ~~of~~ and effectiveness of assistance for the inner cities. Meanwhile provision for the urban programme remains unchanged." The provision in the White Paper is £338 million for 1985-86 and £317 million in 1986-87. The Government will need to be able to say that increases for employment measures, or more effective use of resources which are already being provided, are the Government's alternative to an increase in the urban programme provision for 1986-87. The RSG settlement could also be prayed in aid.

Martin Sawer (Duty Clerk)

pp. David Norgrove
29 January 1986

BM2ACU

PRIME MINISTER 29 January 1986

INNER CITIES

The initiative in eight localities

1. Why restrict the Objectives

The paper by Sir Robert Armstrong reduces our objectives for the inner cities to increasing employment and encouraging enterprise. It tacitly assumes that civil unrest and black alienation are the key problems, and that each of the areas can be revived economically.

It aims to achieve these objectives by creating new projects run by people from the designated areas, in co-operation with the private sector.

The original approach to the inner cities following the riots placed emphasis on a three-pronged attack involving job creation, surplus land development and grant-aided schools. The new approach is a much less ambitious attack on short-term employment by the Department of Employment, with an inadequate rôle for the Department of the Environment.

2. Problems

The danger with the present proposals is that they simply add £10m to the Community Programme in order to subsidise

Rastafarian arts and crafts workshops, which have no hope of surviving without permanent subsidies. As a result of these proposals, no attempt is being made to develop a viable private sector base in the inner cities. Four problems stand out in particular:

a. The rôle of civil servants

The aim is to put Civil Service Principals in to lead the task force at the early stages and bringing in entrepreneurs later. This is almost as hopeless as the last proposal by Cabinet Office. Unless enterprise sector leaders are found at the formation stage, we are embarking on a pointless exercise in duplicating CATS and ensuring that, just at the point when there is most publicity and the greatest cutting edge for these initiatives, they will be led by individuals who will be subservient to all the existing machinery.

Why not make their report direct to Ministers with the Permanent Secretary writing their annual reports?

b. The lack of surplus land development

Development of surplus land by private business is crucial if the inner cities are to become a viable commercial concern. If we mean business, Kenneth Baker must be asked to designate all 8 areas as "Simplified Planning Zones" immediately current legislation is passed.

Urgent consideration should also be given to incorporating as many of the 8 areas as possible into enterprise zones, providing the National Audit Office concludes that these zones are cost-effective. There will be a report from this office in the next few weeks. Only three of the chosen 8 areas are within 3-5 miles of an enterprise zone (Manchester, Peckham and Middlesborough).

c. People to run the projects

Do the proposals assume that within fairly narrowly drawn areas there will be an adequate supply of willing entrepreneurs who will come forward to run the projects? Can we not ensure that any entrepreneurs, provided they are willing, can be involved?

d. The designation of the areas

The areas have been selected and designated on a fairly arbitrary basis. It seems that all eight areas are residential areas in inner city locations, with a limited potential for land development - even though there may be surplus land available at nearby sites. If the project is not to go off at half cock, then thought needs to be given as to how land development can be incorporated as part of the employment initiative.

Recommendation

We therefore recommend that:

(a) you restate the wider aims of the exercise and emphasise the need for creating a viable profit-making base in the Inner Cities;

(b) the DoE be asked to pursue ways of improving the enterprise climate around the chosen areas by introducing Simplified Planning Zones;

(c) you ensure the projects are run by businessmen, not civil servants.

Brian Griffiths

BRIAN GRIFFITHS

Hartley Booth

HARTLEY BOOTH

008/110

CC BG

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
Whitehall
London
SW1A 2AT

NBPM.

28 January 1986

Dear Willie,

URBAN REGENERATION GRANT

FILE WITHDRAWN

Nicholas Edwards wrote to you on 17 January and Malcolm Rifkind wrote to Kenneth Baker on 21 January seeking colleagues agreement that the new power to give grants to the private sector for inner city regeneration, to be included in the Housing and Planning Bill, should be extended to, respectively, Wales and Scotland.

I am content to agree to this. The uses to which the new power will be put is a separate question. I trust that Nicholas and Malcolm will ensure that the Treasury is fully consulted.

I am copying this letter to the members of MISC 104, the Lord Privy Seal and Sir Robert Armstrong.

Yours ever,

JOHN MacGREGOR

REGIONAL POL
INNER CITIES
PT 7

CONFIDENTIAL

File

DGRATW

bc: Prof. Griffiths

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

INNER CITIES

The Prime Minister was grateful for your minute of 24 January to which you attached a draft paper for MISC 104.

The Prime Minister is content for the paper to be circulated as a basis for discussion.

On the two points mentioned in paragraph 3 of your covering minute, the Prime Minister believes it will not be possible to plan for a Statement this Thursday: its timing will need to depend on the meeting's reactions to what is proposed in your paper. On the second point, the Prime Minister is content for the references in the paper to extra money to be discussed urgently with the Treasury.

I have already mentioned to Mr. Stark the thought, with which the Prime Minister agrees, that it would be useful for you to have a word with Mr. Baker about the fact that Lord Young will be taking primary responsibility for the further work. The Prime Minister has pointed out that the Department of Employment has two Cabinet Ministers to share the load.

David Norgrove

27 January 1986

CONFIDENTIAL

DS

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: B/PSO/10198/86

Your ref:

27 January 1986

Dear Ken,

INNER CITY YOUTH: LEADERSHIP TRAINING

Thank you for your letter of 8 January. I have also seen copies of Keith Joseph's letter of 30 December to Douglas Hurd, and David Trippier's letter of 9 January to Colonel Blashford-Snell.

I am pleased that you have offered to ask Bryan Nicholson to draw the attention of Operation Raleigh to YTS sponsors and that David Trippier has suggested publicising the initiative at Jobcentres.

Keith Joseph has raised the question of the cost of support to Operation Raleigh. I agree with him that we must be clear on the support which Departments are offering, and I have asked my officials to get in touch with his to discuss this. My Department's support will be specifically targetted on inner city youngsters who cannot afford the personal contribution required.

I am copying this letter to Douglas Hurd - whose Department my officials will also consult - and to the other recipients of your letter.

Yours

Kenneth

KENNETH BAKER

The Rt Hon Kenneth Clarke QC MP

REGIONAL POL

INNER CITIES

PT 7

PRIME MINISTER

24 January 1986

INNER CITIES

Sir Robert's minute raises important points, some of which we cannot agree. This matter is not of immediate urgency and given present circumstances, we strongly suggest that the next meeting is deferred so that the minute can be considered fully next week.

Do you agree to this course?

HPB

HARTLEY BOOTH

BRIAN GRIFFITHS

EMBARGOED UNTIL FRIDAY, JANUARY 24, 1986

cc BG
and pa please

FROM DOOM TO HOPE

A Jewish View on Faith in the City, the Report of the Archbishop of Canterbury's Commission on Urban Priority Areas

(Numbers in brackets refer to paragraphs as listed in the Report)

1. General Observations

(a) Faith in the City is an impressively researched document, composed by a team of eminent theologians, scholars and social workers. The enquiry is based on a two-year critical analysis of relevant Christian sources, augmented by extensive practical experience, including visits to deprived areas in 33 towns and cities and 9 London boroughs. The Commission had the benefit of written evidence from some 300 religious and social agencies and individual experts, including one submission from a Reform rabbi. The conclusions and recommendations are addressed to the Church and the Government in about equal measure. They reflect a fairly even balance of Christian teachings, moral sensitivity and, at times, a measure of patent political bias (see 14 (a), (b) below).

(b) Any Jewish response is bound to be more modest in scope and depth, not having the advantage of either the expertise or the extensive consultation over a period of years available to the Archbishop's Commission.

(c) What is attempted in the following pages is a compound of comment, critique and alternative approaches, all derived primarily from Jewish teachings and from the Jewish experience. Both are of equal relevance in assessing the grave social issues at hand in a Jewish light.

2. The Right and Duty to Speak Out

(a) Before examining the findings of the Report in any detail, it should be stated, emphatically and without equivocation, that Judaism is in complete agreement with the basic assumption underlying the entire Report that religious leaders and organisations should address themselves to the grave social problems afflicting society today, both by arousing the public conscience on widespread suffering and injustice, granting this "a high place among our theological priorities" (3.25), and if necessary even by questioning the morality of economic policies in the light of their effects (9.52).

(b) The Jewish insistence on subjecting social issues to religious critical scrutiny and counsel is, if anything, even more pronounced and prominent. A massive proportion of Biblical and rabbinic legislation is designed to promote justice and fairness in social relations. If the whole range of "politics" - from sweeping exhortations on international relations to stirring calls for social justice at a national and individual level - were to be removed from the Hebrew Prophets, then their writings would shrink to an insignificant assemblage of some ritual and slight theology. The Biblical Prophets were history's supreme leaders of the opposition. Though they commanded no votes, and stood alone in their day, they are immortal today - for the very reason that they set timeless moral

imperatives against the transient dealings and decrees of contemporary rulers wielding political power.

(c) The renewed assertion of religious insights and challenges on current problems in the governance of a just and equitable society is therefore to be welcomed without reservation.

3. Differing Perspectives and Experiences

(a) From here on, our respective religious traditions, and more especially our opportunities for practical involvement, begin to diverge - leading at times to significantly diverse conclusions.

(b) Of the greatest importance is the pragmatic difference in perspective, gained from our totally differing historic experiences. Whereas in the collective Christian stance in Europe, deprived groups in Inner Cities or elsewhere have always represented exceptions to the norm, Jews have never been anything but a small minority which, until quite recent times, was subjected to severe discrimination and disabilities, and for many centuries confined to cramped life in the Inner Cities. It is precisely this Jewish experience which may provide the single most valuable Jewish contribution to many of the problems discussed in the Report.

4. From Jewish "Ghettos" to "Urban Priority Areas"

(a) In fact, it is striking that the very term "ghetto", with its connotation of squalor, deprivation and racial hatred, was not so long ago applied exclusively to crowded, usually decaying, areas of Jewish settlement in the large cities. Only in the last few decades has the term been transferred to others living in these quarters under conditions of want, humiliation and hopelessness. However, "ghettos" is now being replaced by the more euphemistically-sounding "urban priority areas" and their clinical code-name "UPAs".

(b) Clearly, even if the situations are not entirely identical, some instructive lessons might be drawn, if we focus on how Jews eventually managed to leave the ghettos and achieve their emancipation as citizens enjoying social and economic opportunity and equality - a process which in its more acute stage spread over the better part of a century, from the mass-immigration of East European Jews beginning in the early 1880's to the post-World War II virtual evacuation by Jews of London's East End and other UPAs in most other British cities.

(c) The similarities go beyond squalor, confinement and poverty endured by Jews up to a few decades ago and by successive waves of other ethnic immigrants since then. When a Vicar in Greater Manchester is quoted as saying "It is difficult to avoid the conclusion that one is living in an area that is being...treated with hostility by the rest of society" (Report, p.3), the only amendment necessary for describing the comparative Jewish situation over many decades is to replace "difficult" by "impossible".

(d) There are of course also dissimilarities. Above all, Jews were not marked off by a distinctive skin-colour. Also, their thought-patterns and cultural/educational heritage were distinctly European, more amenable to acculturation and integration in Britain. But as against these advantages, Jews had some very considerable extra

disabilities, arriving not only destitute but without the slightest knowledge of the English language, none sharing the dominant faith, and all of them exposed to manifestations of virulent residual antisemitism, often erupting in acts of organised violence by fascist thugs and earlier anti-Jewish agitators.

(e) All in all, the parallels between ghettos and UPAs are vivid enough to warrant both comparisons and contrasts relevant to our theme.

5. Lessons of the Jewish Experience

(a) In a Farewell Address to my former congregation in New York which I had served for eight years before being appointed to my present position here in 1966, I referred to the civil rights struggle I had witnessed in America during the early 1960's, discussing what the Jewish community could contribute to greater equality and social progress among the disadvantaged:

> How did <u>we</u> break out of our ghettos and enter the mainstream of society and its privileges? How did <u>we</u> secure our emancipation and civil rights? Certainly not by riots and demonstrations, by violence and protest-marches, or by preaching "Jewish power" or even non-violence.
>
> Above all, we worked on ourselves, not on others. We gave a better education to our children than anybody else had. We hallowed our home life. We channeled the ambition of our youngsters to academic excellence, not flashy cars. We rooted out crime and indolence from our midst, by making every Jew feel responsible for the fate of all Jews. We denounced any fellow-Jew besmirching the Jewish name by some misdemeanour as guilty of a desecration of the Divine Name. We did not gate-crash into our Gentile environment; we made ourselves highly-acceptable and indispensable by our industrial, intellectual and moral contributions to society.
>
> That is how we gained our freedom and equality, and that benefit of our experience we should impress on our negro fellow-citizens.
>
> Let them give two or three hours extra schooling every day to their children as we gave to ours, let them build up by charitable endeavours great federations of social welfare as we did for our poor, let them instill in all negroes a feeling of shame for any crime committed by a negro as we instilled into all Jews a sense of disgrace for any Jewish crime, let them throw out from their pulpits leaders who profess to be men of God but who openly defy law and order, as we would not tolerate rabbis who are brazenly in contempt of court or rabble-rousing demagoques, let them encourage ambition and excellence in every negro child as Jewish parents encouraged in their children - and they will pull down their ghetto walls as surely as we demolished ours.
>
> Not by "Black Power," but by intellectual and moral power, by educational and cultural progress, will they become accepted and wanted in the rest of society.

That should be our Jewish contribution to ridding America of its ugliest stigma and its most explosive social problem, threatening whole cities with widespread unrest, bloodshed and destruction, and the entire country with disparagement all over the world.

(quoted in my The Timely and The Timeless, Vallentine Mitchell, London, 1976, pp 415-416)

(b) Nineteen years later, I drew similar lessons from the Jewish experience in a discussion on community relations convened by the Metropolitan Commissioner of Police between senior London police officials and a group of religious leaders, all Christian except myself. A black minister of a West Indian community charged the police with "institutionalised racism", based on an "ethnocentric" attitude which sought to impose white behavioural patterns on all minority groups, for example, by dispersing West Indians congregating in groups on street corners, though this is their normal and accustomed "street culture", or by white social workers counselling West Indian parents counter to their traditional, strict child-rearing practices. He condemned these attitudes as "oppressive", exacerbating the relations between ethnic minorities and the police.

(c) I took occasion to explain that before the most recent influx of immigrants, the last minority to come to Britain were Jews. We could well understand the difficulties, problems and tribulations of social integration. We eventually succeeded, but by adopting an entirely different attitude. Although we had escaped from persecution in countries in which government and police were often looked upon as the enemy, on arriving here we had cultivated trust in and respect for the police, realising that our security as a minority depended on law and order being maintained.

(d) Moreover, we never demanded that, ourselves being heirs to a distinct culture and tradition, British society at large ought to change its character and assume a new multi-ethnic form, making due public allowance for varying ethnic traditions, whether in policing policies or in family counselling under local authority auspices. We were quite content for Britain to remain "ethnocentrically" British. The Jewish community was most anxious to preserve its own identity, but it had done so (the considerable cost of some inroads by assimilation notwithstanding) not by insisting on public help, nor on changes in official policies, but by creating its own educational and social institutions designed to preserve and transmit what was special and singular in the Jewish heritage.

(e) Of course, I did concede the minister's argument that there were some substantial differences, notably that of colour. But I still felt justified in drawing attention to the successful Jewish self-help in achieving social and economic integration in the face of disabilities which, it should not be forgotten, more recent immigrants and other disadvantaged city-dwellers no longer suffered, especially as they enjoyed welfare state benefits which had not been available to earlier arrivals on these shores.

(f) But I submitted as the most crucial difference the fact that Jews

at the time were content to be patient and to wait and struggle for several generations to attain their social objectives, whereas we now lived in an impatient age demanding instant solutions, and resorting to agitation and social unrest if these were not immediately forthcoming from government and the more advantaged segments of society.

(g) The lessons to be drawn may be imprecise and not without reservations. They are bound to be unpalatable to a generation conditioned upon rights demanded from others rather than duties owed to others. But it may still be salutary to remind those presently enduring much hardship and despair that others have faced similar trials before them, and that self-reliant efforts and perseverance eventually pay off, turning humiliation into dignity and depression into hope and fulfilment.

6. Jewish Social Teachings: Similarities and Differences

(a) Moving from the Jewish experience to the teachings of Judaism, we find a broad measure of agreement with the Christian approach on fundamentals. There is a common abhorrence of social injustice, oppression and deprivation. The Christian conscience condemns poverty as utterly demoralising (Report, Chapter 9), just as in Hebrew poverty (oni) is identified with affliction (inui) as an unmitigated curse. Both faiths raise the relief of want as a precept of the highest religious virtue, and both regard the humiliation of worklessness incompatible with the dignity of man created in the Divine image.

(b) Yet there are some important variations in perspectives, even at the theological level. These distinctions are plainly recognised on both the Christian and the Jewish sides. The Report itself draws attention to one characteristic difference between the traditions of the Old Testament and the New:

> Only a tendentious reading of the gospels can suggest that Jesus was primarily a social reformer, let alone a violent revolutionary. Whatever the implications for society as a whole (and these indeed have been profound) the characteristic sphere of Jesus' ministry was that of personal relationships and individual responses (3.5).
>
> Religion had been a deeply personal and private matter long before Descartes. But the separation of religious faith and practice from the rest of the life, and the compartmentalization of religion within a fundamentally secular understanding of the world, is made possible only by a dualistic approach to the human person. Such an approach has been popular in the West only since the Enlightenment and may already be obsolete. It is only in this relatively brief period that the question could have arisen of a gospel which was not concerned for society as much as for the individual (3.8).

The Report continues:

> It is against the background of the excessive individualism of much Christian thinking in the 19th century that we must place Marx's perception that evil is to be found, not just in the human heart, but in the very structures of economic and social relationships. This perception is also found to a notable degree in the Old Testament (from which, in fact, Marx may have derived it), where there is explicit recognition of the inevitable tendency of the rich to get richer and the poor to get poorer unless some constraint is imposed to limit the freedom of individuals to profit without restraint from a market economy. Most ancient societies were aware of this tendency... But the Old Testament is unique in attempting to impose a number of controls upon society to check the inevitable increase of social and economic inequalities...(3.11).
>
> It is true that there appears to be little explicit continuation of this tradition in the New Testament (3.12).

(c) In the Christian tradition, therefore, addressed as it was primarily to the individual and as such bound to come to terms with poverty in the absence of social relief, the point of departure for meeting the widespread challenge of destitution was and remains St Paul's injunction to "remember the poor" (Gal. 2.10), as emphasised in the Report (3.2). Such individualisation of the poor man and the duty "to remember" him, whilst not altogether alien to the Jewish concept of charity, represents but a minor part in the social thought and structure of Judaism pertaining to the impoverished. In contrast to early Christian sources, Jewish pietists in the Middle Ages, writes the leading Jewish social historian of our time,

> considered material well-being a blessing in itself, provided it was shared with one's neighbours. Punning on the two related Hebrew terms, the author of the Book of the Pious [13th century] even contended that "He who is now poor [rash] is going to be a leader [rosh] in the future". There certainly was nothing in that Book which resembled the early Christian or Franciscan ideal of poverty. All that mattered was honesty in dealing with both Jews and Gentiles and charitableness in dispensing the fruits of one's labours...(Salo W Baron, A Social and Religious History of the Jews, The Jewish Publication Society, Philadelphia, 1958, 8:48).

(d) On a more practical level, these nuances are particularly pronounced in attitudes to work, the acquisition of wealth and directives on social welfare.

7. The Attitude to Work

(a) The Report, whilst it distinguishes between work and employment (9.104ff), still falls short of hailing work as a virtue in itself, as an ideal to ennoble the worker and to serve society. It measures the worth of work largely by its reward, judging that we are each to be

valued for ourselves, not for what we do (9.109). Indeed, the Report somewhat critically states that -

> our culture presupposes a close connection between employment and status. Social position follows types of employment or profession: long working hours are rewarded by extra pay or promotion; personal respect is gained by the ability to 'hold down a job'; one of the first questions asked of a stranger is 'What do you do?'.

It then continues:

> There is none of this in the Bible or in early Christian tradition (3.15).

I fear this is an overstatement. Was not the sailors' question to the Prophet Jonah: "What is your occupation? and whence do you come? What is your country? and of what people are you?" (Jonah 1:8)?

(b) The Jewish work-ethic is rather more positive and demanding. A medieval Hebrew proverb identifies work (melakhah) with royalty (melukhah), no doubt inspired by the recollection that human history began with the Lord putting man into the Garden of Eden "to work it and to preserve it" (Gen. 2:15). No work is too menial to compromise human dignity and self-respect. "Skin carcases in the market-place and earn a living" counselled the Talmud (B.Bathra 110a). All manner of labour was deserving of esteem. The key to true contentment, in the Jewish view, can only be found in economic self-reliance and self-sufficiency, as already asserted by the Psalmist: "When you eat the labour of your hands, happy shall you be, and it shall be well with you" (Ps. 128:2).

(c) An urgent Jewish imperative for a spiritually and materially healthy economy is therefore the cultivation of pride in work, a factor hardly reflected in the Report.

(d) Conversely, idleness is an even greater evil than unemployment, especially in a welfare state which maintains every citizen above subsistence level. Judaism deems idleness as the most unconscionable wastage of the human resources with which we are divinely endowed, leading to mischief and debauchery. Constructive work can be achieved when rendered in low-level employment as in the creative use of leisure. Nothing can counteract a flagging economy and the demoralisation of unemployment more effectively than the love of work and the conquest of idleness. Killing time kills prosperity and the spirit alike. Cheap labour is more dignified than a free dole, and industriousness generates greater wealth than increased wages for decreasing hours of work.

8. The Acquisition of Wealth

(a) In Christian teaching, the pursuit of wealth is clearly viewed with some qualms, as enunciated in the Report. It insists that wealth must not be amassed unless it is not only justly obtained but also fairly distributed (3.13; and 9.28). One wonders how, and by whom, the fair distribution of personal wealth is to be ensured.

(b) In a similar vein, the Report challenges the slogan of "efficiency" if the cost is disproportionately borne by the low-paid and unemployed (3.14), and if the benefits are liable to accrue to an ever-decreasing number of people (ibid.). It is not easy to understand the juxtaposition of efficiency with declining living-standards for the poorest and diminishing benefits for the greatest number. One would have thought that increased efficiency produces higher yields for all, and that lower efficiency must eventually lead to industrial stagnation, rising unemployment and falling living standards, in a competitive market where low cost and high productivity fuel foreign demand and domestic supply.

(c) Jewish sources, to be sure, also betray some ambivalence on economic pursuits. Discussing diverse attitudes among leading rabbinical authorities in the Middle Ages, our social historian already quoted observes:

> On the one hand, they all echoed the old rabbinic insistence on the duty of earning a living, if need be through hard, even humiliating, labour. Jurists and moralists united in singing the praises of such self-reliance. On the other hand, they observed the negative effects of concentration on gainful employment. Maimonides voiced the general opinion that "most of the damage done to people in the various states arises from the lust for money and its accumulation, and the excessive desire to increase possessions and honours". Those philosophers who were not preaching the "golden mean" and moderation in all human affairs leaned to ascetism and self-abnegation. There were no medieval Jewish enthusiasts for the idea of "poverty" as such. All thinkers agreed that riches accumulated honestly were signs of Divine grace which may be enjoyed in moderation and utilised for good works towards less fortunate neighbours. Nonetheless, moralists viewed with considerable diffidence all human behaviour dictated by purely economic motivations...(Baron, op.cit., 4:220f).

(d) While Judaism obviously insists on unimpeachable rectitude in the acquisition of wealth, and on the due allocation of a given percentage for charitable purposes (but which should not exceed one-fifth of what one has or earns), it never frowned on gaining wealth as such, nor demanded that wealth be shared or distributed to equalise rich and poor by some artificial balance, unrelated to effort and skill. On the contrary, wealth and honour are featured together in liturgical petitions (e.g. the monthly Blessing for the New Month) as they are in the qualifications required for the gift of prophecy and the credentials for the exercise of supreme judicial power so as to ensure total independence in leadership and judgement. Clearly, the emphasis here is not so much on the pursuit of wealth as an incentive to work as it is on its legitimacy in the striving for economic independence and for positions of influence and honour.

9. Collective Altruism or Responsibility

(a) As a moral rationale for dealing with the high incidence of unemployment and other forms of deprivation, the Report obliges the State "to provide compensating 'benefits' to those who do not share the relative affluence of the rest". The Report adds: "But it is not easy for state benefits to be given to individuals without affronting their human dignity", and the failure of our society to find an acceptable solution, as evidence the large number of benefits not taken up by those entitled to them on account of "the degrading conditions", is deemed "one of the more inhumane consequences of our free market econony" (3.17).

(b) Once again, the key concept here seems to be that those who are deprived are victims of the affluence enjoyed by the rest, and therefore entitled to "compensating 'benefits'", obliging the rich to share what they have with the poor by way of "compensation". Yet, in channelling these entitlements from the rich to the poor, the problem of causing acute personal humiliation still defies "an acceptable solution".

(c) As for charging the additional cost of adequate state benefits to the more affluent by higher taxation, the Report relies on "collective altruism" to secure a willing response for the extra sacrifices demanded to achieve greater equality (9.97). Such "collective altruism" may be a moral imperative, but it is hardly a fact. If it were as widely in evidence as is claimed, then surely the underprivileged would not require the state machinery of taxation for their amelioration; there are any number of channels, personal and organisational, through which the rich could practise their "collective altruism" in favour of the poor by direct forms of care and help.

(d) In the Jewish view, it is not so much "collective altruism" as "collective responsibility" which should serve as the principal guarantee that no section of the community will be abandoned. Collective responsibility, whereby each individual owes an account within his sphere of influence, obliges governments, as agents of society, to ensure social justice for all citizens. In a significant combination of ritual with social responsibility, Jewish commentators explain the Biblical law on the atonement ceremony carried out by the elders of a city nearest to "one found slain...lying in the field" (Deut. 21:1-9) to indicate that as leaders of the community they are held to account for such a crime, presumably because they did not secure shelter and food for the stranger in the city who thus became a victim of assault outside it (Rashi). The onus rests on national and civic leaders to protect citizens and strangers alike not only from oppression and injustice but also from hunger and homelessness.

10. Giving and Receiving

(a)Jewish perceptions differ. The operative words in the Jewish vocabulary of poor-relief are neither "entitlement" nor "compensation". The poor cannot be compensated for monies which others earn. When the Bible demands of the haves to stretch out a helping arm to the have-nots, using the words "you shall surely open your hand" (Deut. 15:8) - the "open hand" is not the beggar's asserting his entitlement to receive, but the giver's acknowledging his duty not to be tight-fisted in selfishly holding on to his possessions.

(b) Another specifically Jewish teaching may help to define this concept more clearly. Compensation does occur in the Jewish philosophy of rich-poor relations, but in an entirely different context. A Talmudic saying has it that "More than the wealthy man gives to the poor, the poor gives to the wealthy" (Shabbat 151b). The poor man, ennobling the giver, is compensated by the knowledge that he thus gives more than he receives, and the rich man is compensated for the diminution of his wealth knowing that he has thereby gained more than he has lost.

11. Human Dignity

(a) Herein lies the Jewish solution to the otherwise intractable problem of humiliation. Self-respect derives from a feeling that one is giving, contributing to the needs of others, and therefore being wanted. This is the objective not only of the saying on the superior value of what the poor renders to the rich. It is even more distinctly expressed in the provision of Jewish law requiring even the poor man who himself lives on charity to donate some of his proceeds for the relief of others. There is a double benefit in this: even the deprived person must learn to part with some of what he receives, thus training him in the art and satisfaction of giving; and his dignity is to be restored by letting him experience a sense of equality with the rich in supporting others in need. The principle is of Biblical origin: the Levites, who lived on the tithes they received from the land-owning Israelites, had themselves to contribute one-tenth of their receipts to the Priests (Nu.18:26).

(b) In caring for the underprivileged, the motivation is to be not merely sympathy and compassion, but above all empathy. The principal Jewish exegete, Rashi, interprets the wording of the Biblical ban on extorting interest or seizing pledges for loans to "the poor with you" as a warning to the lender to "look upon himself as if he were the poor man" (on Ex. 22:24).

(c) In the ascending order of merit grading different forms of charity, Jewish law reserves the highest commendation for the philanthropist who does not give alms or a gift at all, but who helps the poor man to rehabilitate himself by lending him money, by taking him into a partnership, by employing him or by giving him work, so as to make him independent of help by others (Maimonides, Hil.Matnot Aniyim 10:7).

(d) Startling is the assertion "No Jew seems ever to have died of hunger whilst living in a Jewish community in the whole of our history" (Baron, op.cit., 1937, 2:100), testifying to the effectiveness of Jewish social legislation and moral exhortation.

12. Conclusions - Negative

(a) Practical conclusions or recommendations for application to the contemporary problems of the inner cities cannot easily be derived from the aforegoing observations, comparisons and principles. Certainly, the evidence at my disposal is too scant, and the sources upon which I must rely too general for any authentic Jewish assessment of the realism to be found in some of the specific proposals urged in the Report.

(b) For instance, I have no data by which to judge whether public funds are available or can be raised to produce the job-creating public expenditure (9.62-64), Community Programmes for 500,000 places (9.80), increases in Supplementary and Child Benefits (9.91), housing grants (10.77) for all homeless people, with choice of accommodation being provided (10.78), revision of mortgage tax relief (10.98), a basic income irrespective of employment (9.103), and limits on "excessive overtime" (9.70). Most of these objectives are unquestionably desirable, but how feasible they are in the present state of the national economy I cannot ascertain.

(c) Nor can there be any Jewish counterpart to the excellent proposal for the Church Commissioners to set aside £1 million out of their capital of £1,792 million as seed money for a national appeal of £10 million eventually to yield a total of £4 million annually for projects to help the inner cities (7.82, 90-92). These areas are now denuded of Jewish communities, and they have neither the Jewish spiritual nor the social workers which would be required to operate such projects, quite apart from the incomparably smaller assets under Jewish religious control.

13. Conclusions - Positive

(a) What can be concluded with greater certitude is that from a Jewish point of view the direction of the critique of present policies and the general thrust in the search for solutions would have to differ in some quite substantial respects.

(b) Guided more by moral concerns rather than by economic theories or suppositions, a Jewish religious contribution would lay greater emphasis on building up self-respect by encouraging ambition and enterprise through a more demanding and more satisfying work-ethic, which is designed to eliminate idleness and to nurture pride in "eating of the toil of one's hands" as the first immediate targets.

(c) In a partnership of service and civic solidarity, the more affluent section of society should provide more social agencies and counselling services as well as more capital for prudent enterprises in the inner cities, whilst out of them should go those otherwise unemployed, to provide labour for public works and other useful pursuits, even if at first poorly paid, with a view to the eventual abolition of the soul-destroying dole. Any job is better than paid idleness.

(d) The social and counselling services should help to bridge the gulf between "the two nations" by demonstrating care and concern. As a high priority they should be used also to assist in rebuilding solid family life now so widely ravaged by unemployment and permissiveness. Even more important for the recovery of the health of our inner cities than the building and renovation of housing projects is the repair of home life as the inner fortress of love, care, decency and every social virtue. The Jewish experience of the home as the principal haven against the exposure to the bitter realities of life outside does not bear out the Report's scepticism:

> The identification of Christian perspectives with male dominance and female subservience can only serve to reinforce attitudes which encourage the abuse of women in the family, while an emphasis on the need to put up with suffering, however terrible, makes women in these circumstances feel guilty if they seek to leave home. As a result, pastoral advice is often directed towards exhorting the woman to keep the family together, regardless of the risk to herself. Clergy have little to offer women in this predicament (12.32).

(e) In a Jewish blue-print for the regeneration of the inner cities, the family would feature very much more prominently and positively. For when the family breaks down, the most essential conditions for raising happy, law-abiding and creatively-ambitious citizens are frustrated.

14 The Role of Government and Unions

(a) Obviously the role of government in revitalising the inner cities must be vital and indispensable. But the Report seems to be unduly slanted against present government policies by placing all existing ills exclusively at their door. Some criticisms may be quite justified. But in the aggregate, the sole concentration on government failures may divert attention from other equally-important factors.

(b) Whatever the faults of the government's "dogmatic and inflexible macro-economic stance" (9.52), however valid the call on the Church to "question all economic philosophies [which] have contributed to the blighting of whole districts, which do not offer the hope of amelioration" (9.41), and however true the charge that "social welfare and taxation policies have tended to benefit the rich at the expense of the poor" (9.8), who have "borne the brunt of the recession" (9.11) - there are surely comparable responsibilities for economic decline and social deprivation attributable to the labour unions, whose role is altogether ignored in the Report. Can a morally-balanced analysis really overlook the crippling effects on the economy of strikes which paralyze entire industries, or other coercive measures which sometimes result in pricing whole businesses out of existence, thus directly swelling the unemployment ranks? Can one ignore the immorality of inflicting massive suffering on millions of innocent victims by the periodic shut-downs of essential public services and utilities? The selfishness of workers in attempting to

secure better conditions at the cost of rising unemployment and immense public misery can be just as morally indefensible as the rapaciousness of the wealthy in exploiting the working class in order to add even more digits to their astronomical profits, or as unacceptable as a government biased in favour of equating success with virtue rather than need with opportunity and human dignity with supreme merit.

15. From Doom to Hope

(a) The overall picture presented in the Report is grim, and even the prospects are described as "bleak" (9.37). No Jewish contribution could be more valuable than to help turn despair into hope, resignation into confidence that - given determination, patience, perseverance and faith in the infinite capacity of man to prevail over adversity - the new ghettos will be transformed as were the old and the growing wealth of the nation will increasingly be shared by all through shifting the emphasis from rights to duties and from having a good time to making the times good.

(b) The Bible relates the tales of three cities: one became the city of doom, one of salvation, and one of hope. The fate of each was determined by righteousness in human relations. Of the first, the Prophet writes: "Behold, this was the iniquity of Sodom, pride, fulness of bread, and carefree ease was in her and in her inhabitants, yet they did not strengthen the hand of the poor and the needy" (Ez. 16:49). The second, Nineveh, was saved because the inhabitants heeded the call to "turn every one from his evil way, and from the violence that is in their hands" (Jonah, 3:8). And the third city is promised: "Zion shall be redeemed with justice, and they that return to her with righteousness" (Is. 1:27).

(c) The key to the transition from doom to hope lies within the heart of man, whose confidence must be sustained in the ultimate triumph over present problems and disabilities. This must be one of the supreme priorities for planners, administrators, theologians and every member of the community, most of all the disadvantaged themselves. For patients, faith in recovery is often half the cure. For home- and city-builders, the spiritual dimension is indispensable, as the Psalmist asserts: "Except the Lord build the house, they that build it labour in vain; except the Lord keep the city, the watchman wakes but in vain" (Ps. 127:1).

Sir Immanuel Jakobovits, Chief Rabbi

January 1986

1.

PRIME MINISTER

INNER CITIES

Sir Robert Armstrong's minute below seeks your approval to circulate his report for MISC 104's discussion on inner cities after Cabinet on Thursday.

Subject to any Policy Unit comments (which I have not seen at the time of dictating this):

(i) agree that the paper may be circulated as a basis for discussion;

(ii) agree that your decision that Lord Young should lead the work may be recorded in the first paragraph of Sir Robert's paper;

(iii) agree that the passage in square brackets in paragraph 10 of the paper should remain (it is of course a statement of Lord Young's views, not yours);

(iv) agree that a statement should not be planned for next Thursday and that the timing of a statement will need to depend on the meeting's reactions to what is proposed in the paper;

(v) agree to leave any detailed comments on the organisational structure proposed to be made by you at the meeting rather than try to change the paper now;

Yes

(vi) are you prepared to allow discussion to go forward with the Treasury on extra money for the initiative as proposed by Lord Young and Sir Robert Armstrong?

Yes

I am told that Mr. Baker knows that you have decided to put Lord Young in charge of the project. But it would be worth someone preparing the ground with him before the meeting to avoid misunderstanding. Agree that Sir Robert Armstrong should talk to Mr. Baker before the meeting?

Yes – Kenneth already has more than enough to do. Don't explore [illegible] Have 2 Cabinet Ministers [illegible]

D.A. Instan (Duty Clerk)

DN

24 January 1986

VC4AFA

Personal

From the Secretary of the Cabinet

Prime Minister

The Secretary of State for Employment would like to make a very early statement on Inner Cities (see submission below): preferably on 30 January, failing that on 3 February. He would like to pre-empt:

(a) the Synod of the Church of England, which is due to turn its attention to the problems of inner cities later in the week beginning 3 February;

(b) the Member for Henley (Mr Heseltine), who — Lord Young suspects — may before long turn his restless energies to the problems of inner cities and (especially) Liverpool.

RCA 24.1.86

Ref. A086/251

PRIME MINISTER

Inner Cities

In the light of Mr Norgrove's minute to me of 21 January I spoke yesterday with the Secretary of State for Employment and the Paymaster General. I think the easiest way to summarise our conclusions is to send you the attached draft of the paper I would now like to circulate to MISC 104 for consideration at their meeting next week. I should aim to send out the paper on Monday if at all possible, though I shall need to clear it with the Treasury before doing so.

2. As you will see, the organisational structure that I am now proposing is still somewhat more cumbersome than that suggested in Mr Norgrove's note. But it is the outcome of a discussion which I had yesterday with the Secretary of State and the Paymaster General, both of whom have given a good deal of thought to this. The outcome reflected in this minute is proposed with their agreement. I am sure that the basic structure indicated in the attached paper is on the right lines.

3. I should particularly draw your attention to the following two points:

i. You will see that I have it in mind to propose an early statement. It would be very useful to have your views on the handling and timing of this before the meeting. Lord Young puts much weight on pressing ahead now with all speed and would like, if possible, the statement to be made next Thursday. The setting of such arrangements in train would itself do something to pre-empt the MISC 104 discussion: a statement very early the followng week might be better.

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ii. You will see what the draft paper and statement say about additional resources. Hitherto the discussion in MISC 104 has proceeded on the assumption that a new initiative would not be given additional funding; the Chief Secretary minuted you about that on 29 October. Lord Young, however, is convinced that an initiative of this kind without extra money would fall at the first hurdle. I believe that judgment to be right, but it is essentially a political one. If you are disposed to agree that at least some - not necessarily very much - extra money is needed, I will arrange for the references to this point in the paper and draft statement to be discussed urgently with the Treasury at senior official level.

4. I believe that the question of transport in these areas, on which Mr Norgrove minuted me on 20 December, is one that is best tackled by being drawn to the specific attention of the task forces when we get that far.

RTA

ROBERT ARMSTRONG

24 January 1986

INCAAA

DRAFT

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MISC 104(86) COPY NO

Date

CABINET

MINISTERIAL GROUP ON URBAN POLICY

INNER CITIES: OUTLINE OF AN INITIATIVE IN EIGHT LOCALITIES

Memorandum by the Secretary of the Cabinet

At their meeting on 19 December 1985 (MISC 104(85) 1st Meeting), the Group asked me to consider further the arrangements for much improved management and targeting of Government activity as it affected the small inner city areas presenting the most extreme problems; to concentrate at the present stage on the eight areas in England identified in MISC 104(85) 1; and to report back to them by the end of January 1986. The Prime Minister has decided that, in view of the necessary emphasis

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on employment aspects, this work should be overseen by the Secretary of State for Employment and the Paymaster General (in consultation with the other Ministers concerned), and the following proposals are the outcome of discussion with them.

OBJECTIVES

2. The aims of this initiative would be to increase employment, improve employment prospects and encourage enterprise among people, especially those under 25, living in urban areas suffering from the most severe problems.

3. The initiative would endeavour to pursue this aim:

- through projects and activities which also benefit the environment and services for the community within the areas in question;

- by close involvement of the people living in the areas in deciding what should be done and in running projects and activities;

- in close co-operation with the private sector, local authorities and other bodies concerned with the areas.

The eight areas

4. The eight areas were selected as a balanced group. There are others with problems at least as severe. The initiative should presumably be presented as essentially experimental, with the successful aspects expanded in the light of experience. The Group may wish to review the eight areas selected, to satisfy themselves in the light of the proposed objectives that they are a suitable set of locations for what could be a fairly long-term commitment - certainly up to the end of the present Parliament. In particular, is it right that Merseyside is not represented in the list?

Organisation and staffing

5. The exercise would take place within the strategic oversight of th Secretary of State for Employment, but under the day-to-day management and

supervision of the Paymaster General. Special arrangements would need to be established both at the centre and in each of the eight areas.

a. At the centre, the Paymaster General would be supported by a small full-time unit, which could most conveniently be located within the Department of Employment. It would be important that expertise from other Departments involved in urban policy should be available throughout. The central unit would therefore be led by an official of the Department of Employment, and would have three other officials seconded from the Department of the Environment, the Home Office and the Department of Trade and Industry, and perhaps someone seconded from the private sector.

b. At local level it will be necessary to establish a small task force in each area, to establish plans of action for each area, to tackle the essential (but very difficult) problem of involvement with the local community, encourage private sector participation, and to be responsible for liaison and co-ordination between central Government Departments acting in

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the area. Leadership of the task forces will require unusual skills and energy, and people from the private sector in each local group should be brought in as soon as that can be done. The aim should be to get as quickly as possible to a situation in which each task force is led by a partnership of someone from the private sector (seconded from industry or commerce) to handle relations with local businesses and groups and someone from the public service to handle relations with other Departments and public sector organisations. At the outset, however, the only people who can be quickly deployed are serving civil servants. It is proposed, then, that each area team should initially be under the leadership of an official at Principal level. We should again look to the Department of the Environment, the Home Office and the Department of Trade and Industry, as well as the Department of Employment, to find these staff. At the outset I doubt if more than two junior supporting staff would be needed in each area, and it would be welcome if they were locally recruited.

6. Further thought needs to be given to the precise way in which this structure should be meshed in with existing Ministerial and Official Groups, though this need not delay immediate action in launching an initiative. It is already clear, however, that the Paymaster General would need the assistance of an informal group of junior Ministers from the other Departments primarily concerned, to work actively with him and to demonstrate Ministerial involvement on the ground. I envisage a group of, say, three Ministers (making four with the Paymaster General); all of them would be concerned with the initiative as a whole, and no one Minister's interest would be limited to a particular location or locations.

Methods and powers

7. A major objective in this kind of scheme is the closer focusing and co-ordination of existing Government programmes. A fuller list is annexed to MISC 104(85) 1, but the most immediately relevant are:

1. the Department of Employment/Manpower Services Commission (MSC) employment, training and enterprise programmes;

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2. the Urban Programme (administered by the Department of the Environment and requiring local authority involvement);

3. Home Office grants to local authorities under section 11 of the Local Government Act 1966 in respect of additional staff employed to meet the needs of ethnic minorities;

4. Department of Trade and Industry schemes of industrial assistance.

8. The most flexible of these powers are those available to the Department of Employment and the MSC. I understand that the Secretry of State for Employment intends to propose using his existing powers to develop a new urban employment programme which could largely replace the existing community programme in the eight areas. It would aim to operate flexibly in supporting temporary work projects of benefit to the community, community self-help activities and the initial needs of new local enterprise.

Funding

9. The Group's discussion of the possibilities now under consideration has proceeded on the assumption that additional resources would not be available. Switching resources within existing programmes is more feasible in some cases than others. Some Department of Employment/MSC programmes, for example, operate under more flexible powers than, say, the Urban Programme which involves the additional constraint of operating with and through local authorities. The Secretary of State for Employment would intend to find as much as possible of the money for a new urban employment programme by diversion from some of his existing programmes. Smaller and more rigid programmes will not have such scope and the Group will wish to consider whether it would be presentationally important in any event to demonstrate that the initiative does not just mean that the selected areas are going to benefit at the expense of others.

10. For these reasons, the Secretary of State for Employment would propose that additional funding of £10 million should be made available for this initiative in the first full year. He would also

wish to establish at the outset (though not necessarily for public consumption) that in connection with this initiative the Government will be ready to contemplate some flexibility in the application in the selected areas of normal rules on such matters as contract procedures. As the Group noted at its last meeting, it is often said that capital projects in deprived areas simply give employment to workers living elsewhere.

Timing and announcement

11. The Group did not specifically ask my advice on timing, but it will doubtless wish to consider how soon an initiative of this nature should be launched, if it is approved in principle. Since the Government may decide that there should be very early action on this front, I attach, in order to assist discussion, a draft of the kind of statement that might be made as soon as the arrangements could be put in hand. In

discussing presentation, the Group will be particularly concerned with the way in which this exercise should be presented to local authorities.

Signed ROBERT ARMSTRONG

Cabinet Office

Date

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DRAFT STATEMENT BY THE SECRETARY OF STATE FOR EMPLOYMENT

INNER CITY EMPLOYMENT PROGRAMMES

Throughout its time in office this Government has done much for the inner cities.

Since 1979, spending on the

- Urban Programme has DOUBLED;

- derelict Land Grants have DOUBLED;

- support for the voluntary sector has TREBLED to £640 million;

- Housing Improvement Grants have also TREBLED to £500 million, peaking at £900 million in 1983-84;

- Government support to housing associations through Housing Corporation is now £706 million, at 9 per cent real terms increase; and

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- support for local authority posts dealing with the special needs of Commonwealth immigrants has DOUBLED to £95 million.

We have developed urban policies in many ways. We have promoted local enterprise agencies and established enterprise zones, we have established Urban Development Corporations in Merseyside and the London Docklands, and we are developing the City Action Team approach to mprove theco-ordination ofGovernment programmes affecting urban areas, and to establish better targets and performance measures.

But despite much improved focusing of Governemnt help tothe places that need it most, the persistence of pockets of extremely severe deprivation in our cities remains one of the most worrying problems that face us today. These pockets are not large, and there may not be a great number of them. But where they exist, th depth of the problem is very great.

In this scene, nothing is more important than unemployment among our young people. Again, the Government has taken imaginative and effective action through the Department of Employment and the Manpower Services Commission, especially through the

INCAAC

expanding Community Programme which will reach a level of £1 billion a year in June when it will have 230,000 places and a throughput of 300,000 people a year.

But we have decided that more needs to be done in response to the problems posed by small areas where youth unemployment can be running at levels of 50 per cent. The initiative I am announcing todayis designed to bring a new approach to these problems at the centre and on the ground.

Our aim will be to increase employment, improve employment prospects and encourage enterprise among people, especially those under 25, living in the areas suffering from the worst problems. For this purpose we have identified eight areas for initial action. They are Notting Hill and North Peckham in London, Leeds (Chapeltown), North Central Middlesbrough, Leicester (Highfields), Birmingham (Handsworth), Bristol (St Paul's) and Manchester (Moss Side).

In each of these areas we intend to establish a small task force to help bring our programmes together, to involve the local communities, to

INCAAC

encourage the participation of the private sector and to liaise with local authorities and other public bodies. The aim will be, so far as possible, to encourge projects and activities which also benefit the environment and services within the specific area in questin.

This initiative will proceed under the close supervision of the Paymaster General and under my generaloversight. At central and local level a main feature of the initiative will be to bring the various central Government interests together in a more effective way, and many Departments' programmes will be relevant to that.

I intend, however, that a significant part of the exercise will be the development of a new urban employment programme that will largely supersede the Community Programme in the areas in question, and will aim to operate in a highly flexible way. We shall keep the whole exercise under careful review, with a view to expanding its successful features to other areas suffering from similar problems of deprivation.

INCAAC

In order to ensure that the exercise gets off to a quick and effective start without dislocating existing programmes, I am glad to say that £10 million extra money is being made available in the first full year.

Our intention is to establish the teams and get this initiative going within the next [three] months. We shall immediately enter into consultation with the local authorities for the areas concerned, and we confidently expect their full co-operation.

cc BC

QUEEN ANNE'S GATE LONDON SWIH 9AT

24 January 1986

Dear Kenneth,

NBM 24/1

INNER CITY YOUTH: LEADERSHIP TRAINING

Thank you for your letter of 27 November about Operation Raleigh and the scope which I might have for supporting some of the 200 places which Colonel Blashford-Snell has said could be available next year for inner city young people. I have since seen a copy of Kenneth Clarke's letter to you, and, as you know, Keith Joseph has written to me mentioning the Drake Fellowship which provides a more modestly priced and more home-based training and other organisations which might also be able to offer development opportunities to inner city young people. I have also seen the Prime Minister's views.

Certainly developing the capabilities of individuals within the inner cities is likely to have positive benefits. However, we have, I am afraid, reached the conclusion that there are no Home Office funds which could readily be diverted for this purpose. As you know, the Voluntary Services Unit already provides some funding for the Drake Fellowship which provides training closer to home and takes a continuing interest in its trainees in such ways as developing home based interests and responsibilities and helping to get job interviews. These are things which I am sure are important in order to harness the personal potential uncovered through adventure training. The Voluntary Services Unit has little room for manoeuvre within its grant giving budget.

We have also looked at the question from the point of view of crime prevention. Here again we have major proposals in hand for our crime prevention programme for this year which mean that Operation Raleigh would have to have a lower priority. We must not skimp the follow-up to the seminar at No 10. Similarly, the limited money which we have available for combating racial disadvantage is fully committed to our black business initiative, which is essential.

Against this background the Home Office simply does not have financial resources available to put on the table for the kind of discussion which Keith Joseph has in mind. Nevertheless, my officials could offer advice in the light of their experience of funding voluntary bodies in general and the Drake Fellowship in particular to any meeting which takes place. I must say, though, that I would take some convincing that the much greater unit cost of Operation Raleigh compared with that of the Drake Fellowship was justified as value for money.

I am sending

The Rt Hon Kenneth Baker, MP

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, Keith Joseph, David Young and Sir Robert Armstrong.

Yours,

Douglas

Regional Pa.
PTT Inner Cities

24. I. PM 8 6

DW

c/f

PPO: R2811.

From: Lewis D. Moss CBE., DL.
'Tilney House', 5 Tilney Street, Park Lane, London, W1Y 6JL.
Tel: 01-629 9933

London Docklands
Development Corporation
The Ledger Building
Marsh Wall London E14 9SX
Telephone 01-515 3000

Telex 894041 LDDC G
Telecopier 01-987 7070

23rd January, 1986.

Rt. Hon., Margaret Thatcher M.P.,
Prime Minister,
10 Downing Street,
London, SW1.

Dear Prime Minister,

Re: The Royal Docks

with DW.

Following my letter to you of 8th July, I and my colleagues on the London Docklands Development Corporation are delighted as I am sure you will be that the Port of London Authority has in the event agreed on a transaction on its holding of 500 acres with L.D.D.C. This comes at an opportune moment in view of the public enquiry in hand on compulsory purchase proceedings in the Royal Docks, which will now only need to consider the acquisition of another 250 acres.

L.D.D.C. is now processing the detailed planning application for the Stolport and it is hoped that construction of this facility may commence in the Spring of this year.

I would like to thank you very much indeed for your own interest and assistance in relation to the Port of London Authority negotiation which has helped so much to bring about this successful outcome, vital as it is to the regeneration of the Royal Docks area as a major London development.

Substantial achievements have, of course, already been realised in the Western half of Docklands where over one billion pounds of private investment has been attracted, based largely on the L.D.D.C's ability to prepare land for development and provide services to attract private sector investment. This we now hope to repeat in the desert of East Docklands subject to appropriate continuing Government support for our activities.

With all good wishes

Yours sincerely,

Lewis Moss

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CABG

The Rt Hon Kenneth Baker MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

NBPM.

27 January 1986

Dear Ken,

URBAN POLICY: PROPOSED NEW POWER

MISC 104(85) 1st Mtg. attached

MISC 104 approved on 19 December your proposal to take new statutory powers to enable financial assistance to be given to private sector development activities. The proposed new power will be included in the Housing and Planning Bill which is to be considered in L Committee on 22 January.

At MISC 104 George Younger indicated that such a new power was unnecessary for Scotland, because of the existing powers of the Scottish Development Agency. We have however been giving further consideration to the implications and have concluded that as a prudent option for the future we should like the new power to be extended to Scotland also.

Like you, I can confirm that any new initiative taken under this power in Scotland should be funded from within existing resources; and that no net staffing increases would be required.

Given the legislative timetable, I should be grateful for colleagues' early agreement that this power should be extended to Scotland.
Nick Edwards has written similarly for Wales.

I am sending copies of this letter to members of MISC 104, the Lord Privy Seal and Sir Robert Armstrong.

Yours ever,

Michael

HMP02133

EL3AVD

File

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

INNER CITIES

The Prime Minister was grateful for your minute of 10 January about the handling of the inner cities exercise.

The Prime Minister made no comment on the suggestion that the exercise should be presented as focusing specifically on youth employment. However she does agree that it should be managed by Employment Ministers.

Her comment on the machinery described in paragraph 3 of your minute was that she felt it might prove to be a little cumbersome. She has asked if you could consider this further.

One possibility which has been put to her is that junior Ministers from several Departments might be instructed to visit target areas, to report in writing on the position, and to promote what was being done through speeches and in other ways. It would be made clear that those Ministers would have no executive responsibility (that would be vested in Employment Ministers): their role would be to report and to publicise. Possible people for this task might include Mr. John Patten, Mr. Mellor, Mr. Dunn and Mr. Peter Morrison. Employment Ministers might themselves be given, say, an additional Private Secretary whose sole task would be to oversee the programme.

The task forces in each area should if possible be headed by people from the private sector, though the task forces would include a proportion of Civil Servants. Each task force would have a single budget over which the head of the task force would have complete control. It would be necessary to set objectives and performance targets for each force.

The Prime Minister has mentioned this structure in very broad outline to Lord Young, who did not react. I am sure the Prime Minister would not object if you wished to discuss it with Lord Young and Mr. Clarke.

You may also like to know that at a meeting yesterday Lord Young spoke to the Prime Minister in terms of a separate initiative to be taken by Mr. Baker on the fabric of the selected areas. However, again no details were discussed.

DRN

DAVID NORGROVE

21 ~~November~~ January 1986

CBG

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GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
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Oddi wrth Ysgrifennydd Gwladol Cymru

WELSH OFFICE
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Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)
From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

17 January 1986

Dear Willie

will request if req

I have seen a copy of Kenneth Baker's letter of 6 January seeking your agreement to the inclusion in the Housing and Planning Bill of the new power to give financial assistance to private sector development activities.

In the final paragraph of his letter, Kenneth envisages that the new power would also be available in Wales. I can confirm that I would wish this to be so. Urban renewal mechanisms - in particular, the Urban Programme and the Urban Development Grant scheme - in Wales are very similar to those in England and the proposed new power would be of particular value to me in my efforts to stimulate urban renewal in areas such as the South Cardiff docklands. I hope therefore that you will be able to include the necessary provision in the Bill, as requested in Kenneth's letter.

I am sending copies of this letter to Kenneth Baker, John Biffen, John Wakeham, John MacGregor and Sir Robert Armstrong. I am also sending copies to the Prime Minister and the other members of MISC 104, since the availability of the new power in Wales was not, I believe, specifically agreed at the meeting on 19 December. I cannot imagine that colleagues would have any objection to the power being available in Wales, but I think they would wish to be aware of it.

Yours
Nick

NBPM.

The Rt Hon Viscount Whitelaw CH MC MP
Lord President of the Council

INNER CITY POLICY

A PROPOSAL FOR A NEW START

Introduction

1. The Government is currently reviewing policy towards the Inner Cities in an effort to ensure that scarce public resources are used more effectively to tackle the root causes of the problems in these areas.

2. PA has prepared this note as a basis for discussion with the relevant authorities as we believe that we can offer government a new way of chanelling and managing public programmes to the Inner City.

Background

1. The major social, economic and environmental problems of the Inner Cities are well known. What is now needed is an effective mechanism for SERVICE and PROGRAMME DELIVERY in these areas.

2. Problems with the current system of Partnership and Programme areas etc. include:

2.1 continuing heavy reliance upon the local authorities an increasing number of which are unable or unwilling to prepare and implement effective programmes

2.2 difficulties of liaison between the various public sector bodies concerned, both from central and local government and the health service

2.3 a natural reluctance to set up more public sector bodies such as Urban Development Corporations

2.4 the understandable inability of central government to actually run and administer programmes

2.5 the reluctance of private sector investors and organisations to become too involved with local bureaucracies

2.6 the relative lack of success of specific programmes such as the Urban Development Grant Scheme

2.7 the difficulty in achieving an independent evaluation of schemes

3. The need is to plan, provide and implement a concerted policy for each inner city area which would address in a comprehensive way, inter alia:

3.1 land clearance and the bringing into effective use of derelict land

3.2 the encouragement of local enterprise, particularly small businesses

3.3 the integration of existing public programmes

3.4 the encouragement of new housing, particularly private sector housing, and the improvement in condition of existing public sector stock

3.5 crime prevention measures

4. Overall, the requirement is for speedy, effective implementation making use of private sector talent and resources in a non-partisan fashion to provide real and lasting benefit to the local communities.

About PA

1. PA Management Consultants has a wide background and experience in evaluating and managing public programmes, and of working within the government environment. We have followed closely the current debate on Inner City policy and are aware of the major issues involved.

2. More particularly, PA has experience of managing and implementing public sector programmes including:

   2.1 the management of the Enterprise Zone in Londonderry (report attached)

   2.2 the management of the West Midlands' Business Development Team (report attached)

   2.3 the management of the IT programme for business for the DTI

3. PA has worked for all kinds of public sector bodies, as well as extensively within the private sector.

4. Through its 4 core groups and its international operations PA has access to a very wide range of expertise and business and financial contacts.

5. PA employs specialists in this area who have direct and practical experience of the issues involved and of the organisation required:

Proposal

1. PA believes that there is a "middle way" between continuing reliance on local authorities on the one hand and the setting up of new "quangos" on the other. This involves the retention of PA to plan, manage and implement an inner city strategy on behalf of the Government.

2. Our role could take several forms, ranging from a major management role to a more limited planning and evaluation role.

3. The major management role would, as we see it, involve the following:

   3.1 the appointment of PA to manage the inner city programmes in one or more inner city areas. This would involve the establishment of a local PA office, appropriately staffed together with a local PA Project Manager.

   3.2 the requirement for PA to review the existing strategy for these inner city areas, to evaluate its proposals against the current situation, and to propose an implementation plan for a (three year) period

   3.3 PA would then determine, in consultation with all interested parties, the various bodies having prime responsibility for ensuring implementation together with the financial and other resources required.

   3.4 PA would monitor progress, regularly update the plan and be responsible for reporting on progress to the Government.

   3.5 PA would be responsible for negotiating financial resources etc, with the lead Government department on behalf of those concerned. Resources could be gained or lost by those bodies concerned dependent upon their ability to meet their implementation targets.

   3.6 PA would provide a general PR and assistance service to local members of the public.

   3.7 PA may provide certain specific programmes directly either if there is a need to provide a new service or if existing providers were failing to meet targets.

4. PA would obviously require certain guarantees from Government and would require a contract or contracts of sufficient scale and duration to enable us to invest in this programme in the manner suggested.

5. There would be a local steering group to advise and assist PA which would be small (say 5-7 representatives), with one representative of the government and one from the local authority together with private sector representatives. We envisage this body as advisory only: responsibility for the establishment and operation of the local strategy would rest with PA, in consultation with the Government.

6. In implementing and monitoring the strategy PA would draw upon not only its own resources but would make use of a range of other relevant consultancies and businesses.

7. Resources for the main public sector programmes in the area would continue to be available directly to the public sector bodies concerned, unless and until it became clear that they were either unable or unwilling to meet targets. In addition, resources would be directly available to PA for us to use as 'leverage' for private sector investment. PA would also receive an appropriate management fee.

8. The advantages of an arrangement along these lines would be substantial and include:

8.1 the establishment of private sector management of the renewal programmes for the Inner City

8.2 a diminution in the extent to which the Government needs to exercise detailed control over local programmes

8.3 the establishment of an independent, private sector monitoring organisation to ensure the effective use of public funds

8.4 the opportunity to establish programmes with substantial and genuine private sector involvement and to avoid the worst excesses of extreme political views

8.5 the opportunity for a genuinely new approach to the problem of renewing the Inner Cities

Conclusion

1. This note has outlined the way in which PA could make a positive contribution to the problems of ensuring effective Inner City programmes

2. We believe that it offers a genuinely new way forward and should be pleased to prepare a more detailed proposal if our initial ideas are of interest.

I have a feeling he is an ex Civil Servant.

M Easteal
Director
Public Sector Management

January 1986

PA Management Consultants

Bowater House East
68 Knightsbridge
London SW1X 7LJ

Telephone 01-589 7050
Telex 27874

Prime Minister

Agree to invite RTA to consider this alternative structure, but without consulting other Ministers at this stage? (The choice as between Lord Young and Mr Baker will need to be handled with care and is perhaps best left for discussion at the meeting on 30 January, even if you have privately made up your mind already.) 16/1

Yes

PRIME MINISTER

14 January 1986

INNER CITIES

The organisation recommended by Sir Robert Armstrong would be little short of disastrous:

i. A team of two senior Ministers from DEmp and two junior Ministers from DoE will never produce quick results. The junior DoE Ministers will always be "referring matters to their Secretary of State", and the whole exercise will get bogged down in the inter-departmental mire.

ii. There is no need for a new "full-time group of officials" at the centre: this will just generate massive amounts of paperwork.

iii. There is absolutely no point in this exercise if it is to be run by a Civil Service Principal in each area: he or she will be right under the thumb of the various Senior Principals, Assistant Secretaries and Under Secretaries who are already involved in the CATs. And the public sector culture that pervades the CATs will continue ad infinitum.

iv. Sir Robert's minute does not make clear how the task forces are to be funded. Funding was what caused the

worst problems when the CATs were set up: because they never had budgets of their own, they were never taken seriously and the lines of responsibility were hopelessly blurred.

v. Sir Robert's minute also fails to explain what targets or objectives will be given to the task forces. A similar failure to set clear objectives is the second main reason for the abject failure of the CATs: no-one working for them knows quite what they are meant to be achieving.

We recommend that you should write back to Sir Robert, suggesting:

a. A single senior Minister (?David Young or Kenneth Clarke) with sole charge of the exercise - so that decisions are clearly his responsibility. Since he would be directly responsible to MISC 104, there could be no question of abrogating collective decision-making.

b. A bevy of junior Ministers from several departments, charged with going to the target areas to report in writing on the state of play, and to make speeches giving the programmes maximum publicity. It should be made clear that these Ministers would have no executive responsibility (and hence no vested interest

Peter Thomson.
~~George Young~~
~~George Walden~~
David Mellor.

in pretending that everything was going well); they would purely be "eyes, ears and mouths". (You might want to include John Patten, David Mellor, Bob Dunn and Michael Howard. Sir George Young would not be appropriate.)

c. A single additional private secretary, serving the senior Minister in charge; this person's sole task would be to oversee the programme. (We privately doubt whether the job would, in the event, prove to be full-time, even for this one person: just think what one of your own private secretaries gets through in a day!)

d. Dynamic private sector entrepreneurs to head each task force - with a maximum of one-third civil servants on any force at any given time. Like the Policy Unit, these forces are meant to tease pearls out of the public sector oysters by being irritants from outside. The names do not need to be announced at the start; they can be found while the project is being set up.

e. Clear funding arrangements, with a single overall budget, divided into separate budgets for each task force. The head of each force should have total control over the use of his budget.

f. A set of objectives for each force, with quantified performance targets. It should be made clear from the start that the contracts of the task force leaders will not be renewed if they undershoot their targets, or otherwise fail to satisfy the junior Ministers reporting on their performance to the senior Minister in charge.

A structure of this sort would stand some chance of achieving results: Sir Robert's version most definitely would not.

Oliver Letwin.

OLIVER LETWIN

cc BG
for comments

Ref. A086/107

PRIME MINISTER

Inner Cities

MISC 104 is to meet on 30 January to consider a report from me on the machinery to implement the decisions on 19 December about an initiative in eight selected areas. I understand that you are coming to the view that the Secretary of State for Employment and the Paymaster General should be the senior Ministers in charge of this exercise, and I should like to talk to them before I finalise my recommendations to MISC 104. Before I go any further, however, I should be grateful to know that you are generally content with the approach set out in this minute.

2. First, I think we shall need to clear whether this is to be presented with the emphasis on general urban policy, or more specifically on youth unemployment. There are very good arguments for focusing on youth unemployment as the most specific point of concern, and they become especially compelling if the exercise is to be managed by the employment Ministers. Accordingly, I think that the initiative that tis taking shape should be presented under some such name as "Inner City Youth Programme", and that its remit should be along the lines of "to explore ways in which Government programmes may be brought together on the ground to give higher priority to the special needs of areas with exceptionally high youth unemployment."

3. It will be important that the eight areas are seen as the ones where we are starting an experimental initiative, and not as out definitive list of places that need attention. In organisational terms, I think that the machinery can conveniently be considered under three headings.

RTAAAW

a. Central machinery

MISC 104 will need to continue in overall command. The question is whether Lord Young and Mr Clarke will need extra support, and how their new role should fit in with existing machinery.

I envisage that Lord Young and Mr Clarke might be supported by two junior Ministers: I am thinking particularly of Mr John Patten and Sir George Young. This would have the incidental advantage of recognising the Department of Environment Urban policy concerns. Ministers would need to be supported by a small full-time group of officials, to be located, in the Department of Employment. I believe we can find the right people, and I have names in mind.

b. Links between the centre and the eight areas

Mr Clarke would need to meet frequently with the people in charge on the ground, but would not have time to be very visible in the eight areas himself. Mr Patten and Sir George Young could help with this, but I do not think we want to go too far down that road: you would not want to see particular Ministers identified with particular problem areas.

c. Who should be in charge in the field?

This is perhaps the most difficult problem. We need to enlist dynamic people with presentational skills, the ability to get through to very difficult clients and the knowledge of how to work the departmental machine both centrally and in the regions. I do not think that we are going to recruit such people easily, and certainly not within the few weeks before this initiative needs to be announced. My own belief is that we shall need to start with some carefully chosen officials, at about Principal level and that they should be given a six to twelve-month remit within which to work up arrangements for involving in

RTAAAW

each area the outside people whose strengths we all sense to be needed. Given the requirement of skill in operating the official machine, it may be that we shall need to keep officials identified in some way with each area in the longer term, possibly in tandem with more charismatic people drawn from outside; but that does not need to be settled now.

4. If you are generally content, I will discuss accordingly with Lord Young and Mr Clarke.

MS

for ROBERT ARMSTRONG

10 January 1986

RTAAAW

NJ/W60

Mrs Thatcher
cc PC

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 5949
Switchboard 01-213 3000

PAYMASTER GENERAL

The Rt Hon Kenneth Baker Esq MP
Secretary of State
Department of Environment
2 Marsham Street
London SW1

Avoid HO reply

8th January 1986

Dear Kenneth,

You wrote to Douglas Hurd on the 27 November about Colonel Blashford-Snell of Operation Raleigh, and copied your letter to David Young here. You mentioned that you could find money from the Urban Programme to support 100 inner city youngsters on the project, and wondered if we could help fund the remaining 100 that Operation Raleigh had space for in the next year.

In fact I met Colonel Blashford-Snell myself when he came to this Department on the 20 November seeking our support. I'm afraid he met with rather less success with me than he did with you. I told him that clearly Operation Raleigh had much to offer by way of general background and "character building" activities, and that targeting on inner city youngsters was a very worthwhile aim. Nevertheless I did not think we would be able to come up with the direct financial help he was looking for. The training Operation Raleigh provides is really not vocationally-specific enough for the employment needs of the young people in our Youth Training Scheme. We are developing YTS to ensure that it is closely identified with the realities of the world of work and the needs of employers for properly trained young people. We have to put employment as our main objective, however desirable excitement and character-building are for young people.

However, I was impressed with Colonel Blashford-Snell's presentation and his obvious commitment and enthusiasm. I feel we could do something, and so I have written to him offering to ask Bryan Nicholson at the Manpower Services Commission to draw Operation Raleigh to the attention of YTS sponsors who might then choose to include this type of venturing in the off-the-job training element of their courses for young trainees. It would be up to the sponsors to contact Operation Raleigh if they wished, and they would need to meet

the cost. But at least we would have helped with publicising the project and commending its general objectives, whilst linking it with training for work.

I am copying this letter to Douglas Hurd at the Home Office, and to the other recipients of yours.

KENNETH CLARKE

FK

H20

Reference 8/EPM 368/84

PS/Paymaster General

cc PS/Secretary of State
PS/Mr Trippier
Mr Dawe
Mr Fogden
Mr Fair
Mr Emmott
Mr Smart
Mr Barber
Mr Beach
Mr A Davies

INNER CITY YOUTH - OPERATION RALEIGH

Thank you for your note of 16 December.

I attach draft letters to Colonel Blashford-Snell offering to commend Operation Raleigh to YTS sponsors, and to Mr Baker at DoE informing him, and by way of reply to his letter to Mr Hurd of 27 November inviting support which was copied to the Secretary of State.

The cost to MSC should indeed be slight. Presumably there will be some administrative expense in terms of including, say, a standard letter in the information about YTS sent to sponsors, but the MSC would not be making any direct contribution to Operation Raleigh's costs or charges.

Colonel Blashford-Snell has also written fairly recently to Mr Trippier asking if we would agree to promotional posters being put up in Jobcentres in the Toxteth area of Liverpool. We are pursuing this with the MSC, but at this stage I think it best to confine the correspondence to promotion through YTS.

What we are offering is very much the minimum, but even so there is no point in taking action unless Colonel Blashfold-Snell wants us to. At that point I have agreed with Mr Barber, MPIB2, that his section will take over and let you have a draft letter to the Chairman.

DRAFT LETTER TO MR BAKER, ENVIRONMENT SECRETARY - OPERATION RALEIGH

You wrote to Douglas Hurd on the 27 November about Colonel Blashford-Snell of Operation Raleigh, and copied your letter to David Young here. You mentioned that you could find money from the Urban Programme to support 100 inner city youngsters on the project, and wondered if we could help fund the remaining 100 that Operation Raleigh had space for in the next year.

In fact I met Colonel Blashford-Snell myself when he came to this Department seeking our support on the 20 November. I'm afraid he met with rather less success here than he did with you. I told him that although clearly Operation Raleigh had much to offer by way of general vocational background and "character buiding" activities, and that targeting on inner city youngsters was a worthwhile aim we could not quarrel with, nevertheless I did not think we would be able to come up with the looked-for financial help. The training Operation Raleigh provides is really not vocationally-specific enough for the employment needs of the young people in our Youth Training Scheme and YTS is being developed towards yet closer identification with the realities of the world or work and the needs of employers for properly trained young people.

However, I was impressed with Colonel Blashford-Snell's presentation and his obvious commitment and enthusiasm. I feel we could do something, and so I have written to him offering to ask Bryan Nicholson at the Manpower Services Commission to draw Operation Raleigh to the attention of YTS sponsors who might then choose to include this type of venturing in the off-the-job training element of their courses for young trainees. It would be up to the sponsors to contact Operation Raleigh, if they wished ~~or not, as they felt able,~~ and they would need to meet the cost. But at least we would have helped with publicising the project and commending its general objectives.

I am copying this letter to Douglas Hurd at the Home Office, and to the other recipients of yours.

R - C -

[address - see next page].

~~DRAFT LETTER TO COL. BLASHFORD-SNELL - OPERATION RALEIGH~~

We met on the 20 November to discuss Operation Raleigh and its need for additional funding, and you were kind enough to show me the introductory video of what you are achieving. Your concern particularly was to recruit young people from the inner city who would normally be difficult to attract and would themselves have difficulty in raising the personal contribution to the cost of their place on the Scheme - around £1,000.

I said that although Operation Raleigh clearly had much to offer young people from all kinds of background, it did not sit well with the kind of specifically vocational training that Government schemes operated by this Department and the Manpower Services Commission sought to provide. Unfortunately, I saw no way in which the funds committed to our training effort for young people could be used to support Operation Raleigh.

That is still, I am afraid, the position. But I am impressed with what Operation Raleigh can offer, and feel we should explore some way of involving it in our Youth Training Scheme. I would therefore be very happy to ask the Chairman of the Manpower Services Commission, Bryan Nicholson, to commend Operation Ra leigh to sponsors under the Scheme as a way of providing young trainees with valuable off-the-job experience. The sponsors would still need to meet your charges themselves from the per capita Govermnent grant otherwise available, but I am sure there would be a number who would be most interested.

If you think this would be useful, and bearing in mind we would have no control over which sponsors came forward or the sort of young people they would want to involve, perhaps you could let me know and I will set matters in train with the ~~MSC~~ Commission.

One last point. You mentioned the past involvement of ~~MSC~~ Commission schemes with Operation Raleigh and wondered if we had helped with the purchase of your support ship. I followed this up and discovered that although it was DoE and not us who came forward with a grant for the ship, trainees on our Youth Training Scheme, and temporary employees from our Community Programme, have played a part with the refurbishment of the vessel and in administrative/ promotional duties connected with Operation Raleigh in Hull and London.

I look forward to hearing from you further. I am copying this letter to Bryan Nicholson ~~at the MSC~~, Chairman of the Commission,

COLONEL J.N. BLASHFORD-SNELL MBE,
OPERATION RALEIGH
ALPHA PLACE
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REGIONAL POL
INNER CITIES
PT 9

c/BG

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
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FROM THE SECRETARY OF STATE

NBPM.

The Rt Hon Douglas Hurd MP
Secretary of State for Home Affairs
50 Queen Anne's Gate
London SW1H 9AT

30 December 1985

Dear Douglas.

INNER CITY YOUTH: LEADERSHIP TRAINING

I was interested to see Kenneth Baker's letter to you of 27th November proposing that your Department should sponsor young people to take part in "Operation Raleigh". This organisation, with the "Drake Fellowship" - which offers UK based adventure activity for young people - is the creation of Colonel Blashford-Snell.

As part of its programme in support of voluntary youth service activity, the DES has grant-aided both organisations. "Operation Raleigh" received a special grant for a project in International Youth Year, and the Drake Fellowship receives annual grants towards its expenditure as a national youth voluntary organisation. DES also gives grant to 8 other organisations providing courses of the "outward bound" type and to twice that number of organisations offering such courses as a part of their provision for young people.

The Drake Fellowship's provision of UK based adventure training for 1,000 young people annually requires a modest in-put of around £100 per head, about half of which comes from public funds (including, as you know, a contribution from Home Office Voluntary Services Unit), with matching resources provided from private sources. We need to be convinced that the very large disparity in cost per head between the Raleigh project on the one hand and the Drake project on the other is justified.

There is much to be said for the challenging and broadening experience made possible for young people through organisations offering provision of this kind. Whether home-based or (more costly) overseas adventure provision has most to offer to disadvantaged young people does however need some consideration. There are also the claims of other organisations to consider. I believe it would be helpful, therefore, if officials could discuss the options for allocating these resources, perhaps including further discussion with Colonel Blashford-Snell himself, before a final view is reached by Ministers.

There might in due course be implications also for the wider discussions on Inner City Youth on which we are separately engaged.

I am copying this letter to the Prime Minister, Willie Whitelaw, David Young, Kenneth Baker, David Trippier and to Sir Robert Armstrong

Yours,

Keith

REGIONAL POLICY PT7

INNER CITIES

file

(CAJAAN) DSG

bc: Prof. Griffiths.

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

INNER CITIES

It was suggested at yesterday's meeting on Inner Cities that many of the areas under study were densely developed and residential, with relatively little scope for development of industry. The Prime Minister has suggested that MISC 104 should consider the scope for encouraging more efficient and cheaper transport within the areas under study and to help people to travel outside them, to where jobs are available. Small private transport companies could also themselves be useful providers of jobs within the areas.

The Prime Minister would be grateful if this aspect could be taken into account in your report to the Committee.

DRN

David Norgrove

20 December 1985

Ref. A085/3304

PRIME MINISTER

Further Consideration of Government Policy Towards the Inner Cities

Flag A - (MISC 104(85) 1)

I attach a note which summarises the background to this subject and the previous history, since the report of the Urban Policy and Programme Review (UPPR).

MAIN ISSUES

2. This brief assumes that the basic structure of present urban policy is not in question, that the four objectives agreed last year are still operative, and that the present exercise should be aimed at a package of improvements that could be announced quickly - and certainly before next summer.

Flag B 3. The Policy Unit's note touches on the possibilities of developing a somewhat different and more ambitious kind of "social engineering" approach over a much longer timescale, and raises some very large and problematic questions. It could hardly be given the status of a firm and published commitment of Government without a good deal more study and work, for which special arrangements will need to be set up if Ministers decide to pursue it.

4. The immediate issues may conveniently be tackled under the following headings.

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i. "Inner city youth" and the racial dimension

5. The Home Secretary's original suggestion was in the general direction of finding ways to strengthen the social fabric for deprived young people in the inner cities. He particularly had young blacks in mind because it is they who contribute disproportionately to the public order problem.

6. The essential immediate response to the riots has been delivered in the backing you have given the police and, as it happens, in the introduction of the Public Order Bill. The argument for a complementary initiative is partly defensive: how can we best prevent further riots, and how defensible will the position be if there are more riots next year and we are not seen to have explored this dimension? There is also a strong case on inherent merits: the Home Secretary's vision of progressively alienated generations of young blacks is genuinely alarming, and the papers that are now on the table are mainly concerned with structural questions that are a a long way from the Home Secretary's prime concerns.

7. If the Home Secretary's approach is politically right, however, it needs to be developed very quickly if it is to take its place in public order strategy. We believe that the Home Secretary does have specific suggestions in mind, but so far he has not revealed them. He is clearly the lead Minister for questions of public order and race relations, and until he outlines his thinking the subject is in baulk.

8. It is far easier to talk about alienation and the social fabric than to develop credible new policy initiatives about them, but you know from my minute of 13 December that I believe there could well be scope for an effective move into the encouragement of more enterprise at community level. This would in part, no doubt, be on lines that are already familiar in the urban programme from the "trad" projects that now form a

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declining part of the total. But it would need to be sold much more visibly: a Minister would probably need to be specifically identified with the initiative. And there would need to be a good deal of outside involvement by people whom we selected. You yourself mentioned churchmen and black American leaders, and this is the kind of idea that needs to be pushed ahead, and on which we need to hear from the responsible Departments.

ii. New agencies and financing arrangements

9. There is a fundamental issue here that needs to be resolved before the present exercise develops much further. It is whether the aim should be to work alongside local authorities or in competition with them. This is not a new theme. It emerged in last year's UPPR work and it was a particular point of interest at your meeting on 14 November. I doubt whether the factual data on 10 areas themselves disclose anything very new, but the Policy Unit paper and Mr Baker's minute conveniently display two models at different points on the spectrum of possibilities:

Flag C

a. The Policy Unit makes radical proposals, which would be very controversial, both as regards the functions that new agencies might discharge, and as regards the way in which they could be financed. On functions, the Policy Unit's proposed development agencies would duplicate and supplant local authorities across a wide range of duties. It is one thing to do that in respect of new towns or derelict docklands; it would be another in respect of normal residential communities.

Development Plans

On financing, the proposed agencies would derive their funds from the diversion of all identifiable present Government expenditure that is targeted on the areas selected for the experiment. This would raise some problems of identifications of relevant money and breaking loose from forward commitments. More fundamentally, however, it would

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have to face the fact that the specific grant money that would be taken away from local authorities is not the worst targeted spending, but the best. John Redwood's article in the Spectator actually stresses that it is targeted money that gets the best results. If the UPPR had found evidence of waste or misdirection of urban programme money the case might be different. As it is, the sponsoring Ministers would surely defend their specific grant programmes strongly and the prospect of early legislation to divert that money to set up agencies to compete with local authorities is hardly realistic. (I am not clear whether it is proposed that the writ of the MSC and the Housing Corporation would cease to run in the selected areas, but there would be manifest problems there, too.)

In the longer term, anything done in this field should be fully compatible with the proposals being developed on local government finance. But the Green Paper to be published in January will argue for the greatest possible simplicity, transparency and automaticity in local government funding, and those considerations also seem to point away from the invention of new diversionary mechanisms.

b. Mr Baker's proposal for a new statutory power is much less radical. What he wants is a power to enable the Government to give grant aid to private sector consortia for substantial urban development schemes, smaller than Urban Development Commission areas but more sizable than the kind of single project that qualifies for Urban Development Grant.

Such projects would not be managed or financed through local authorities, but their active involvement and support would be enlisted, and the idea would not in any sense be presented as an anti-local authority measure.

The effect of this proposal on overall financing patterns would be in the hands of the Government: it is not an essential part of this idea that money would be seen to be diverted. If, as Mr Baker suggests, however, the development were contained within urban programme/UDC resources - and seen to be so contained - then local authorities would no doubt claim that money that would have gone to them by way of 75 per cent grant was being diverted to the private sector.

Much of the political judgment on this approach depends on the kind of area to which it could apply. Mr Baker suggests that the scope might be limited to a few places of widespread physical dereliction rather than of problems that are immediately social. It will be necessary to get a better understanding of this aspect from Mr Baker, and to explore the financial implications with the Treasury. But it could be that an initiative on these lines would have something to offer and could be announced quickly.

10. Mr Baker will be keen to take the power in his Housing and Planning Bill to be introduced after Christmas, and it may be that he will be able to give sufficient detail of his ideas for policy approval in principle to be given at your meeting tomorrow.

iii. Other aspects of urban renewal

11. Apart from the issue of new powers and agencies, there is a range of questions on the best use of existing powers. Mr Baker's minute rehearses the range of activities on which he is engaged: the Policy Unit suggest a more aggressive use of existing weaponry. These points are too detailed to pursue far at your meeting. If Ministers wish to take them further, they could be taken away and processed by officials for consideration at a further meeting in the New Year.

iv. Resources

12. You may not wish to say anything about resources at this stage. There is, however, a real question whether it would be possible to mount a sufficiently positive political campaign, if that was your wish, on the basis of a programme of targeted expenditure that is actually set to decline in line with last year's decisions. – The Autumn Statement said ~~the programme was under review~~. "the Government is reviewing the level and effectiveness of provision for the inner cities."

HANDLING

13. You could open the meeting by saying that the information about the 10 areas provides much valuable background material and that the sites themselves may prove to be suitable places for experiments in due course, if that is what is decided. It does not appear, however, that any common theme emerges from the data that have been assembled, and you do not propose to discuss the data in detail.

14. You could say that the Policy Unit's radical proposals would need much further work and are related to the longer term. You could invite second reading comments, and ascertain whether Ministers wish further work to be done on them.

15. Even if there is to be a fuller study of these long-term proposals, you could suggest that Ministers also need to consider short-term measures that could be announced quickly. You may then wish to say that you propose to divide the meeting into three parts - "inner city youth" and race; the question of agencies; and urban renewal.

16. On "inner city youth" you will wish to ask the Home Secretary if he is able to put forward any firm proposals to follow up his original intervention that began this round of meetings. The Secretary of State for the Environment (who refers to young blacks in his minute) and the Secretary of State for

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Employment will have comments about the feasibility of new initiatives, and the Lord President and the Chancellor of the Duchy will have views on the general balance of policies towards public order and race.

17. On agencies you could say that you realise that thought was given to this last year, but that the Policy Unit paper casts a new light on the question. First, you may want the views of the Secretaries of State for Scotland and for the Environment on the Policy Unit suggestion, especially as regards the stance that should be taken towards local authorities in developing new urban policy, and what bearing the Local Government Finance Studies have on the question. Second, you could turn to the Secretary of State for the Environment's minute, to question him about the distinguishing features of the power he is seeking, the places where it might be relevant and the legislative vehicle he has in mind. You will also wish to have the Chief Secretary's comments on the deeper implications and, in the light of that, you will wish to decide whether Mr Baker can have policy approval in principle.

18. On other current approaches to urban renewal, you may wish to ask the Secretary of State for the Environment to comment on the Policy Unit's suggestions of a more aggressive drive on surplus land, in particular.

19. The next steps will depend on your judgment of the proposals outlined during the meeting. If you decide that they should be worked up into a fairly early policy announcement, and that you do not want to remit that work to a Minister to co-ordinate on your behalf, the best machinery would probably be to give the task to the official group that has been established, with a remit to report back in, say, early February. The Policy Unit should be invited to involve themselves fully.

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CONCLUSIONS

20. You will wish to ensure that the meeting reaches conclusions on:

i. the need for, and feasibility of, an early initiative on "inner city youth" on the lines advocated by the Home Secretary;

ii. whether, on agencies and financing arrangements,

a. the Policy Unit's suggestion should be further studied;

b. the Secretary of State for the Environment's proposal should be explored further or approved in principle;

iii. whether an early announcement should also touch on other urban renewal questions, especially the more forceful use of existing powers on surplus land.

21. You will also wish to ensure that the task of working up the next steps is clearly remitted to an appropriate group - probably the official group - with a target date by which to report back to MISC 104.

RTA

ROBERT ARMSTRONG

18 December 1985

RTAAAO

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PRIME MINISTER

INNER CITIES

The Policy Unit's note circulated for our discussion on Thursday 19 December in many ways reflects my own proposals to improve our attack on inner city problems. Improving housing choice, getting the land market moving, reclaiming land and refurbishing buildings, encouraging investment both by easing planning constraints and by direct financial assistance to the private sector, are clearly important parts of the overall programme that we need to make an impact on these problems.

The new emphases that I am bringing to bear on my own Department's programmes in inner city areas are:

(a) easing the grip of the municipal landlord and increasing housing choice. Right to buy, encouraging privatisation of municipal housing supported by the growing willingness of the Building Societies to use their resources more imaginatively, encouraging better management and maintenance and urging local authorities to concentrate on refurbishing their existing stock, devolving power to tenants, and targetted use of Housing Corporation expenditure are the main ways this is being done;

(b) mobilising the land market through the Derelict Land programme and the Land Registers system;

(c) encouraging private sector involvement by improving the physical environment and thus reviving business confidence. The setting up of Enterprise Zones and Urban Development Corporations, the offer of Urban Development Grants, and support through the Urban Programme are the main initiatives.

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SECRETARY OF STATE FOR THE ENVIRONMENT

I agree that we need to do more to involve the private sector. I have been much encouraged by recent discussions that I have had with private sector interests. On Monday this week John Patten and I met a delegation representing several major building companies and building societies, who put to us proposals for a combined effort by themselves, central and local government to improve inner city areas. This is a unique approach by the private sector, and they obviously wish to combine their skills and resources and exploit the market potential of inner city areas. The private sector will require pump priming support from the Government. I am working up proposals to improve the delivery of such support which are both practical and which could be implemented quickly, subject to modest legislative change. I attach at Annex A a note that outlines my proposals. None of this is incompatible with the 10 areas exercise.

As the Policy Unit paper recognises, the inner city problem is multi-faceted, and the programmes of my Department are by no means the only ones which have a crucial part to play in making cities better. Improving educational standards, improving the quality of training, and the role of other Departments' programmes in improving local economies and job opportunities are clearly highly relevant.

I share the Home Secretary's concern expressed in our previous discussions that we need to involve local people, particularly young people from ethnic minorities, more directly. This requires both effective consultation and local job opportunities through which they can become directly committed to improving their neighbourhoods. The success of the UP does depend on involving and encouraging responsible and active members of local communities.

The most useful type of activity that we can support is the refurbishment and repair of housing, and the improvement and general tidying up of neighbourhoods and private property. This provides work and training opportunities for both young and adult unemployed, it makes use of available skills, and it encourages confidence in the community and pride of ownership. In short, it provides useful work

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SECRETARY OF STATE FOR THE ENVIRONMENT

for idle hands to do and it yields positive long term benefits. I should like to see much more of this and it is something in which the local community can be fully involved. I am proposing shortly to extend Community Refurbishment Schemes, involving MSC and UP resources, to 6 new areas: the authorities which have applied so far, following visits by the Urban Housing Renewal Unit, are Gateshead, Wigan, Rochdale, Coventry, Leeds, Bradford, Calderdale and Hull; and we expect applications from Newcastle, Birmingham, Blackburn, Rotherham, Hammersmith and Haringey.

I have supported the Home Secretary's black business initiative through the Urban Programme and this could usefully be extended. The local enterprise agency movement is now well developed and I would be willing to support development of many more managed workshops to encourage those setting up businesses for the first time. I hope by involving the private sector more directly to give a boost to this.

The means by which these proposals can be applied at local level include not only direct private sector involvement but also other types of community entrepreneurs; Project Fullemploy provides a useful model. We need to select competent local organisations which have standing in the local community and give them financial and other support with a clear agreement that their expenditure and output will be closely monitored. The good relationships that exist between the Regional Offices of my Department, the MSC, DTI, and local organisations provide a good basis on which we can build.

I am sending copies of this minute to members of MISC 104, Brian Griffiths and Sir Robet Armstrong.

K.B.

K B

17 December 1985

PRIVATE SECTOR INVOLVEMENT IN URBAN REGENERATION: A NEW APPROACH

The Problem

1. More needs to be done to involve the private sector in urban regeneration. Present activity, through for example the Urban Development Grant Scheme, relates mainly to relatively small development projects with locally based developers.

2. There seems little prospect as yet of a change in approach by financial institutions and by major nationally based developers to commit themselves on a longer-term basis to the task of urban renewal.

3. The project based approach is too limited. What is needed is a wider based approach covering much larger sites and areas of unused or derelict land. Ways need to be found for involving the private sector in tackling urban renewal on a much larger scale, including schemes that combine both commercial development and environmental improvement.

4. There is some evidence of emergent private sector interest in this more ambitious scale of redevelopment - eg in London Docklands; Trafford Park in Manchester; in some of the Enterprise Zones - notably on Tyneside: and possibly at Chatham and on Teeside.

5. In too many cases, however, unimaginative local authorities, or authorities hostile to private investment, discourage financial institutions and developers from undertaking urban renewal projects. Even local authorities who would be interested in such ventures often lack the necessary experience and skills, and uncertainty about future political control of the Council deters private investors.

6. The Secretary of State for the Environment has too little flexibility to encourage private sector involvement direct. Most of the public sector resources available to him have to be channelled through local authorities. There is a power to make grants direct to the private sector to reclaim derelict land, but the scope is not wide enough to sustain large scale reclamation and development.

Proposed Solution

7. It is proposed that the Secretary of State for the Environment should have a direct grant giving power for this purpose. Through this power the Secretary of State would have the facility to negotiate direct with the private sector on what financial support might be offered to stimulate renewal in selected areas.

8. Private Sector consortia, whether companies limited by guarantee or non-statutory trusts or other suitable organisations, would be set up on the initiative of the private sector. Such consortia might include local or national developers, financial institutions, individual enterpreneurs. Areas would be selected which offer a variety of development opportunities for commercial and industrial development, whether through new build or re-use of existing premises, land reclamation, provision of services and environmental improvement. Housing development and refurbishment could be included.

9. The consortia would produce an action plan and programme which would set out what they propose to do in an area, what activities they would undertake on their own account, what the local authority contribution would be (if any), and for what activities they would require grant support. The level of grant support required would have to be justified and the plan would need to set out expected outputs over the development period.

10. The Department would assess the proposals contained in the action plan and assess whether the grant commitment required was the minimum necessary in order to achieve the results proposed. Grant would be offered on condition that there was close financial monitoring by the Department and there may have to be claw-back provisions to ensure that the tax-payer shared the benefits of the area's revival. These arrangements would be similar to those already operating for Urban Development Grant (with assessors seconded from the private sector) but adapted to this larger scale of operation. Grant might be in two modes - one for site reclamation and preparation, followed by separate grants for specific development projects if necessary.

The Public/Private Sector covenant

11. Such direct-grant arrangements would enable private sector consortia or trusts to be formed and to covenant direct with central govenment rather than with local authorities. This would offer the private sector an assurance of the certainty and long-term commitment required for large scale and imaginative urban renewal.

12. Local authorities who wished to co-operate in such a scheme could also contribute - eg by making land and services available. Local interests might also add their land holdings as an equity stake in the redevelopment, and by contributing local knowledge and experience, and perhaps by seconding staff to assist in plan/programme preparation. In some cases, substantial local business and real estate interests might be able to command sufficient resources to undertake such schemes themselves with the aid of grant-direct. The central government commitment could well attract a substantially higher ratio of private sector investment as compared to that at present achieved through UDG.

Scope

13. These arrangements should not displace the existing form of UDG, to which local authorities contribute 25% of the grant, and which should continue to be available for the smaller scale single projects. The new grant-direct scheme would be available only for larger-scale renewal schemes covering substantial areas, with mixed development extending over several years, and usually sponsored by a consortium of developer and investment interests or a form of trust constituted for that purpose. In effect, these would be similar to the Urban Development Corporations but private sector led and tackling more compact but still substantial areas of renewal.

14. There are unlikely to be many such ventures or areas suitable for such an approach. The initial aim might be to achieve the setting up of one or two such schemes in each of the conurbations or their regions.

15. Such an initiative could be launched without additional public expenditure by assigning part of the present Urban Programme/UDG resources for this purpose. The case for additional resources would be judged by the success of the scheme in attracting private sector resources on a larger scale and over a longer period than is secured at present via UDG in conjunction with local authorities.

6 December 1985

CONFIDENTIAL

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Baker MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1P 3EB

17 December 1985

Dear Secretary of State

RATE LIMITATION 1986-87: REDETERMINATION OF ELs FOR LIVERPOOL AND LAMBETH

I have just seen your letter of 16 December, in which you propose an increase of £10.9 million in Liverpool's EL and of £8 million in Lambeth's. You seek agreement to announcement of these changes today.

I am very concerned at the idea of setting Liverpool's EL in such a frantic rush given its political importance, as well as its expenditure consequences. The bulk - £7.8 million - of the proposed change for Liverpool arises from Liverpool's own creative accounting, and raises the same issues which caused me concern over your proposals for Lewisham and Hackney. Liverpool's EL was originally set 10 per cent above 1984-85 budget too, and thus already allows for creative accounting. Had I known that you would be making this proposal for Liverpool when we talked this morning, I would not then have given my reluctant agreement to the proposals for Lewisham and Hackney and to the extent that the same considerations apply to all three authorities then we shall need to reconsider them all. If necessary, the revised ELs for these three cases, and indeed for the other cases, could be announced later this week, when we have done so.

I note what you propose for Lambeth. Since you present me with a fait accompli I accept what you propose, with very great reluctance. But I am very concerned that this appears to have been known about for some time in your departments without letting us know and that you have in effect become committed to make the £8 million increase in Lambeth's EL without any consultation with colleagues.

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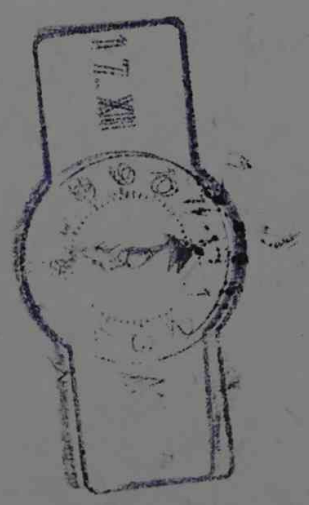
I am copying this to the Prime Minister, members of E(LA) and Sir Robert Armstrong.

Yours sincerely

for JOHN MacGREGOR

[Approved by the Chief Secretary]



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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

INNER CITIES

The Prime Minister was grateful for your minute of 13 December, which she read with care. She will certainly wish to have this by her for the meeting on Thursday and no doubt you will wish to reflect its recommendations in the Cabinet Office brief for the meeting.

DAVID NORGROVE

16 December 1985

CONFIDENTIAL

MS.

10 DOWNING STREET

Prime Minister

This seems waffly to me. Agree to have with you rather than circulate to Mrs 104?

DW

13/12

Ref. A085/3267

PRIME MINISTER

Inner Cities

The meeting of MISC 104 on 19 December should have before it a substantial amount of information about the 10 selected areas. This will be a valuable synopsis of inner city problems and what is currently being done about them, and the range and limitations of available powers. It provides a good factual basis from which to move ahead.

2. I doubt, however, whether analysis of this data can of itself take us very far in deciding the direction in which to proceed. What is needed for that is much more a political judgment on the way in which urban policy needs to be developed and presented in the light of the recent riots and of continuing Parliamentary and more general concern. At your meeting on 14 November there was a wide measure of agreement with the Home Secretary's suggestion that any new initiative should focus in particular on inner city youth.

3. It seems to me that there are two fundamental points that we need to recognise right from the start:

i. No one Minister has responsibility for the whole field and no Minister or group of Ministers is currently charged with working up proposals for consideration at the kind of meeting you are now convening.

ii. Whatever the importance of major national policy programmes in the background, there is not going to be a universal prescription for strengthening the social fabric in demoralised local communities or for getting through to

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groups of young people that previous endeavours have failed to reach. We do not need to confine ourselves to a single approach. Indeed, there is much to be said for diversity and imaginative experimentation. Rather than try to think up centrally things to do, schemes to try, projects to mount in each area, we should find a way of enabling ideas and proposals to come out of each of the areas themselves in response to the needs and circumstances as they are seen in the areas.

4. These points tend to pull in opposite directions. But, taken together, they lead me to think that, in organisational outline, a new initiative should give a Minister responsibility for the specific job of developing relationships and arrangements in each of the various areas which enable local schemes to come forward and responsibility for overseeing them and encouraging them when they do come forward.

5. There is also the question of money. The Government has been successful in driving home the message that the problems of the inner cities are not simply about money, and are certainly not going to be solved by having new money thrown indiscriminately at them. Something can no doubt be achieved by switching resources between existing programmes and any Minister charged with responsibility for an initiative would need to be given the ability and to have the clout to bring that about. But he would be more effective if he had even only a little new money in his purse: it must be doubtful whether a new move can be made into this area without contemplating any new expenditure whatsoever. I do not think that the sums at issue would be at all large - the £15 million drop in provision for the urban programme between the present and next financial year may give an indication of what could be necessary.

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6. I believe that the Minister in charge of the operation would need himself to take on a substantial amount of visiting the areas where these projects were mounted - and perhaps that indicates a number even smaller than 10 to start with. He will need to form his own view of the areas, and particularly of the people there who are an influence for good and whom the Government should support. Out of this might in due course emerge in each area a set of projects that would make a virtue of proceeding in different ways but which would all be characterised by a strong orientation towards people rather than bricks and mortar and a heavy emphasis on involving young people themselves in the decision-making about their own futures. The people whom such projects would be trying to reach are about as far from Government as any group in the population can be. Ministers and officials are not going to be able to cross the barriers on their own. There would need to be a place for people outside Government - and not necessarily very close to Government - both at the local level and, I think, near the central organisation too. We should need to look to involve people who have the gift of communicating and inspiring trust in the most difficult circumstances. You spoke at an earlier meeting of what might be achieved by some remarkable monks and churchmen in this sort of field.

7. Clearly a great deal needs to be done to work these notions up into a proper set of proposals. But I have a strong sense that if we are to make a new move into this field, on the lines envisaged by the Home Secretary, it has to be on the basis of something quite different from what we have been doing hitherto. I believe that an initiative of the kind I am trying to describe could be a very effective political move, and that it could be mounted fairly quickly, and certainly by the end of February, which was the general time-scale you had in mind at the last meeting.

RTAAAS

8. I am addressing this minute to you alone but if you think it would be useful to have it on the table at the MISC 104 meeting I would be very content to circulate it.

DMS

for ROBERT ARMSTRONG

13 December 1985

RTAAAS

ANNEX

Inner Cities: Background and History to Date

Urban policy was reviewed in 1984 by MISC 104 under your chairmanship in the light of the Urban Policy and Programme Review (UPPR) which had been carried out as a very conscious FMI operation with involvement by the Efficiency Unit.

2. The UPPR stressed that the urban programme was not a total policy implement, but one that enabled Ministers to exercise marginal control over relevant local authority spending, and to demonstrate concern for urban problems. The UPPR found that the urban programme showed no evidence of significant waste, and that the best value for money in it was offered by social projects, especially voluntary sector ones. On the other hand, the programme's objectives were found to be confused, and co-ordination with other programmes inadequate.

3. Last year's MISC 104 discussions were largely directed to the two areas of, on the one hand, organisation and management responsibility and, on the other hand, the statement of objectives and performance measurement.

4. On organisation, the UPPR had put forward a range of possible options. The most radical of these was to establish a hived-off executive agency that would assume the funding and management responsibilities currently exercised by Government Departments, but carry them out in a unified way, through a specialist new organisation that would involve representatives of the private sector. It would not be the intention that such an agency would replace the local authority involvement: its aim would be to co-ordinate the central Government input and control. Nevertheless it was recognised that relations between the agency and local authorities could be strained. Other - perhaps stronger - arguments against such an agency were the

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administrative upheaval it would involve, the long timescale for its establishment, the need for legislation and the likelihood that it would become a source of pressure for extra money.

5. In the event MISC 104 opted for a lower-profile approach to the organisational problems. Under the oversight of MISC 116, chaired by the present Secretary of State for Employment, City Action Teams were established in the already existing Partnership areas. This was matched by complementary action on the statement of objectives and performance measurement. Four basic objectives were enunciated for urban policy, and a vigorous régime of target-setting, output measurement and value for money evaluation was put in place. All that has been going ahead during the present year. At the most recent meeting of MISC 116 it was decided that the basic arrangements were now sufficiently robust to make it feasible to contemplate some expansion of CAT activity.

6. MISC 104 also took the decision in principle last year that urban programme expenditure was not exempt from exercises of public expenditure reduction. In last year's public expenditure round it was decided to hold the programme in 1985-86 at the same cash level as in 1984-85, and to reduce expenditure by £15 million in 1986-87. These decisions were restated in the recent Autumn Statement announcements, with the footnote that urban policy was again under Ministerial review.

7. Following the riots in September/October the Home Secretary minuted you, on 23 October, about "inner city youth". He believed that - on public order grounds alone - something had to be done about the growing pools of virtually unemployable, mostly black, young people with no stake in society. He was, however, none too specific about the remedy. The Secretary of State for the Environment minuted to say that he would like to experiment with a number of agencies that he would directly control, and would also like power to make grants to direct organisations

RTAAAN

other than local authorities. The Secretary of State for Employment minuted that what was needed in the problem areas was the encouragement of enterprise from within and emphasis on people and that this could be taken forward through the CATS.

8. At your meeting on 14 November there was a general discussion of the underlying issues. In particular, there was unresolved argument about the scope for establishing agencies, not so much as a means of co-ordinating central Government involvement, but as a way to bypass local authorities. You did not attempt to resolve such questions at that meeting, but in order to establish the facts, you commissioned various information to be assembled about 10 selected areas.

9. At the beginning of the present month the report of the Archbishop of Canterbury's Commission sought to criticise the Government for allegedly running down assistance to urban areas through policies of local government expenditure control. The report certainly contained defective reasoning, and the debate about it seems to have run into the sands for the moment.

10. On the public order front, you made it clear at the Conservative Party Conference that the police would be assured of the men and equipment they needed. (An urgent study is being carried out by officials to consider the implications of a high priority for police spending at a time of general local government expenditure restraint and it might be that some adjustment to the financing machinery for the police will have to be contemplated.) The Public Order Bill ws introduced in the House of Commons on 6 December.

11. It is apparent, then, that a number of different themes are now coming together, and different audiences and interests will need to be borne in mind. What began as a limited suggestion by the Home Secretary in the aftermath of civil disorder is broadening into a much wider review of social policy. This is

RTAAAN

___ reflected in the papers before the meeting - the factual report from officials, a wide-ranging critique by the Policy Unit and a minute by Mr Baker.

RTAAAN

File
LOBARD

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

13 December 1985

Dear Joan,

INNER CITIES

I enclose a note by the Policy Unit, together with an article by John Redwood which appeared in the Spectator. The Prime Minister found these interesting, and thought that colleagues might find it helpful to see them in advance of the meeting on Inner Cities which is to take place after Cabinet next Thursday.

I am copying this letter and enclosures to the Private Secretaries to the members of MISC 104 and to Michael Stark (Cabinet Office).

Yours ever,

David.

DAVID NORGROVE

Miss Joan MacNaughton,
Lord President's Office.

CONFIDENTIAL

JA

Policy Unit note

INNER CITIES

MT

1. Political Imperatives

There is no doubt that the Government faces political pressure to 'do something' about the inner cities. The recent riots, the Archbishop's report, and the forthcoming CBI report are focussing attention on urban 'problems'.

2. Problems

The most obvious problems are:

1. physical dereliction;
2. low levels of economic activity;
3. high rates of unemployment;
4. high crime rates and civil unrest;
5. poor schools;
6. local authorities that add to the other problems;
7. large numbers of council-house dwellers, many of whom look to the public purse rather than to themselves for all initiative;
8. in some areas, an almost complete absence of middle-class people able and willing to act as pillars of the community.

3. Objectives

The Government's objectives are presumably:

- to tackle these related problems, and thereby to rekindle self-confidence and individual enterprise;

- to ensure that the solutions add as little as possible to public spending, and attract maximum amounts of private investment;

- to ensure that the Government gets the credit for the efforts made.

4. Deficiencies of Current Measures

The Government's present activities in the inner cities do not fully meet these objectives:

1. Despite the urban programme, large areas of physical dereliction persist; large amounts of surplus land remain unsold; discrepancies between pre- and post-development land prices indicate that the market is still significantly distorted by use constraints, impediments to development, and refusal to sell land.

2. Government programmes have not succeeded in attracting high levels of private sector investment, and have done little - if anything - to stimulate the growth of small business. Businesses and people are still emigrating rather than immigrating.

3. Employment and training measures have made only a slight impact on unemployment figures; the white economy labour market is still exceedingly rigid, with little sign of mobility even between the impoverished parts of the inner cities and the richer areas; and little skill training has been provided for those above the age of 25.

4. There is little evidence that community policing and other recent Home Office measures are having a

significant impact on crime. Rates of crime have been rising, particularly in council estates.

5. There are, at present, no policies specifically aimed at raising educational standards in the inner cities.

6. Although rate-capping has stemmed the tide of domestic rate increases in some inner cities, central government grants, business rates and domestic rate rebates have encouraged, rather than discouraged, the takeover of city councils by far-left groups whose activities make the situation worse.

8. Public spending has been high, but most of the credit for improvements have gone to local authorities.

5. A New Package of Policies

No one mechanism will enable the Government to tackle all the problems identified. But the Government could do much more to change the culture of the inner cities if Ministers were willing to adopt something like the following:

a. Short-Term Package

i. select areas for special immediate attention and identify all Exchequer spending specifically directed towards these areas;

ii. put all the money identified in (i) into a new 'inner city development fund';

iii. announce that the Government is open to bids from the ten areas for a share of this money on condition that

the relevant local authority agrees to:

a. designation of the area as a Simplified Planning Zone - to make development and investment more attractive;

b. use by the DoE of its present powers to auction all surplus public land currently on the register in the area within two years;

c. use of central Government compulsory purchase powers to release private sector company surplus land for development;

d. establishment in the area of a new development agency:

- staffed by people from the private sector;

- funded out of the new 'inner city development fund' (ie out of the money removed from current central Government programmes);

- provided with powers: to manage all training and employment measures; to purchase and clean up land for beautification, developement or resale to private investors; to make use of building societies and others to improve public and private sector housing; to act as the local enterprise agency; to make grants to entrepreneurs (which could replicate the effects of the EAS or the BES); to set up low-overhead workshops or other schemes to encourage the growth of small business; and to engage in any other legal activities designed to promote economic activity within their budgets;

- given explicit targets for acres of land developed, for training and employment measures, for publicity, and for crime prevention.

- given a duty to consult with local people about their wishes in respect of housing, shopping, leisure facilities etc.

b. Long-Term Measures

i. Press ahead with the reform of Local Government finance, explaining to the media and the public that the changes now envisaged could, over the next decade, decisively reduce the present financial incentive to vote for the kind of council that is likely to deter people and investors from moving back into the cities.

ii. Press ahead with the creation of grant-aided schools in the inner cities, with an emphasis on basic skills and responsiveness to customers ensured by a system of per capita funding.

iii. Press ahead with better training for crime prevention officers, a new crime prevention drive, better police-school liaison, a new drugs campaign, and provision of effective wardens for council estates.

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v. Review funding for voluntary agencies throughout government, to identify any money at present directed towards counter-productive agencies.

6. Presenting the Package

To make such a package attractive, Ministers might need:

i. a preliminary seminar with leading companies and professionals to explain the opportunity for cost reduction offered by inner city investment;

ii. individual seminars for small businesses in the hinterland of each selected area;

iii. extensive briefing of the media, to explain the government's analysis;

iv. high-profile launch of the government's package after the preliminary groundwork has been done;

v. a system for regular central press-releases and press briefing about successes achieved by the development agencies.

HMG/T21

CCBC

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 .....6.4.6.0
Switchboard 01-213 3000

Private Minister 4.
DRN
13/12.

Alan Davis Esq
Private Secretary to the
Secretary of State for the Environment
Department of Environment
2 Marsham Street
LONDON SW1

12 December 1985

Dear Alan

"FAITH IN THE CITY"

You may like to have a copy of a letter which my Secretary of State has sent to the Bishop of Liverpool in response to a letter from the Bishop commending the above Report to him.

I am copying this letter and attachment also to David Norgrove (No 10), Stephen Boyes-Smith (Home Office) and Andrew Lansley (Office of the Chancellor of the Duchy of Lancaster).

Yours ever

Leigh

LEIGH LEWIS
Private Secretary

MC/A85

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 .....6460.....
Switchboard 01-213 3000

The Rt Rev David Sheppard
Bishop of Liverpool
Church House
1 Hanover Street
Liverpool N1 3DW

11 December 1985

Dear David,

Thank you very much for your letter of 30 November about "Faith in the City".

Let me say straightaway that, as you would expect, I will give this report the most careful study. It is an important document and I recognise the amount of work and preparation that has gone into it, and the deep concern for the future of our cities that underlies it. As you will know, I share that concern, as do other members of this Government, and I know that we have as a common objective with the Church of England making our cities better places in which to live and work, and more prosperous and happier places as a result.

On that, and on many other points of detail in the report, there is common ground between us and I do not want to exaggerate those areas in which my views and that of the report diverge. Some are, in any event, matters of balance and judgement which I accept were for the authors of the report to decide.

SRWAMO

A/ Where I do depart from the report, ~~however,~~ is in its view of the way forward. ~~As the report rightly observes, for many of those in our inner cities, choice is minimal at best and usually non-existant. That is why I believe that we must seek many of the~~ solutions to the problems which the report identifies ~~not~~ in further concentration of power and authority in the hands of Government - whether it be central or local - but in ~~moves to enable~~ people, particularly in our inner cities, to have more control over their own lives and in particular a greater ability to create for themselves and their families the kind of conditions which they so evidently want. In part, that means measures positively to encourage wealth creation, entrepreneurship and individual enterprise within the Inner City. In part it means giving individuals access to the education and training which they need in order to make the most of their talents and to improve their employment prospects.

do not lie

They will come from changes which help

1B

None of this is to pretend that the solutions to the problems are easy. Nor is it to pretend that it is easy for many of the individuals in our inner cities themselves to fashion lasting solutions to their immediate problems. But I do believe that there is no lasting solution to be found in yet more Government, in increased public expenditure on so many fronts, in yet more controls, and in yet more submerging of individual choice within a corporate framework.

That said I will, of course, be studying the Report and its conclusions further, in the constructive manner which you would expect me to adopt.

Yours ever,

Norman

10 DOWNING STREET

Prime Minister

Agree to circulate on the basis that you found this note by the Policy Unit thought provoking, and felt it might help discussion at the meeting next week?

DRN
12/12

Agree also to circulate John Redwood's article?

Yes MT

PRIME MINISTER

12 December 1985

INNER CITIES

Lord Whitelaw's Group will be reporting to you on the ten areas that they have selected for special attention and on their characteristics.

The question now is: what should be done in these areas? Since nobody appears to be preparing a minute on this for your meeting of 19 December, we attach a draft Policy Unit paper. If you approve, this could be circulated in advance of the meeting, and Ministers could use it as a basis for discussion of objectives and means.

You may also want to see the attached article by John Redwood, who has helped in this work.

OLIVER LETWIN

HARTLEY BOOTH

INNER CITIES

1. Political Imperatives

There is no doubt that the Government faces political pressure to 'do something' about the inner cities. The recent riots, the Archbishop's report, and the forthcoming CBI report are focussing attention on urban 'problems'.

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URBAN IMPIETIES

John Redwood on a better way than the churchmen's for reviving inner cities

LESS than one in 100 of the people living in inner cities goes to an Anglican church on Sundays. Only £2 million out of the Church's huge income from its estates, investments and voluntary donations is channelled into specific inner city projects. So much the latest clerical report on the inner city frankly confesses. Many of its facts and points illustrate a problem we can see all too readily as we travel round the country.

Much of the rest of the report reads as a tolling of the bell for alms and more alms. It reads fatalistically, as if the inner cities have to be full of the poor, the unemployed and no one else. As if enterprise should take place elsewhere, but having passed by on the other side then offers a levy, genuflecting to the inequalities of the world, to salve its conscience.

Curiously, the report recommends abolition of the mortgage interest subsidy, that motor of owner occupation, when the inner cities cry out for more affordable housing for purchase to create some balance and mix in those communities. More strangely, it recommends even more public sector housing be built to rent, when the inner cities abound with empty council properties that no one wants. It fails to ask why the £1,000 million a year of government monies channelled to Merseyside, for example, buys so little happiness. It fails to grasp that you cannot build a successful community on one type of housing and a guilty conscience. You need something more.

In the centre of Southwark lie some streets of pleasant brick Victorian terrace houses. They were the lucky ones. The urban bulldozers did not remove them before the money and passion for building concrete tower blocks ran out in the early 1970s. But some of these streets are lined with empty tinned-up properties staring blindly out over tracts of rubbish-strewn wasteland. In Greater London alone more than 30,000 public sector dwellings stand empty.

On the south bank of the Thames, even closer to one of the richest areas of real estate in the world, there are still boarded-up warehouses and disused industrial buildings. In Tower Hamlets, Hackney, Lambeth, Brent, in the centres of Birmingham, Manchester, Salford and Newcastle there are acres and acres of idle land. Some is fenced, some is open to the gangs of local youths who may kick the empty cans about or tip their rubbish on it. Our inner cities have gradually become a landscape of dereliction. Business has slowly sloped away. Those few active people who held on have often themselves subsequently disappeared to the suburbs or the shires.

To civil servants, the clergy and others this is the 'inner city problem'. With any luck it can be ring-fenced, like those derelict acres. If it is in the news, then there will be a recommendation or two, the usual reflex reaction of an official machine under pressure. Maybe a few papers will be written and it will all end with a Cabinet debate over 'more money'.

Yet the inner cities have been killed by public monies and taxation almost as surely as by anything else. It took oodles of taxpayers' cash to bulldoze those streets of artisans' brick houses and put up the tower blocks. It is taking still more to support the actions of local councils through the rate support grant, which is paid most heavily to the cities. The Urban Programme, the Youth Training Scheme, the welfare programmes are all heavily biased towards urban areas.

Enterprise has come under pressure, which forces the cities into ever more reliance on subsidy and tax. The old trades of central London — printing, clock-making, light industry based on the life of a large port — have been in retreat. New businesses have found the prospect of gazing out over derelict land and facing an ever-rising rates bill unappealing. In the city centres there has been an absence of decent housing for sale, inattention to transport needs and often a pervading feeling of decline. So the businessman's prophecy has come true: more dereliction; fewer ratepayers; higher rates; fewer businesses; more dereliction.

So then, the housebuilders and planners argue, why put up new houses for sale? The locals could not afford them. Why build speculative office blocks or light industrial units, for people are moving out, not in? Who would want to buy anything *there*? So the decline of enterprise becomes set in the architectural landscape. The tower blocks stay surrounded by vacant land or by each other.

As the community becomes more and more lopsided so its politics move leftwards. Skilled working men leave. Aspiring families leave. Managers and executives travel through these areas on their way to work, glancing out of railway carriages or BMWs at this alien world. Those who remain are often too poor to move, too sick, too old. Or they may be unskilled, demotivated, down on their luck. Some are young, black and angry.

Labour's response — for these are Labour's heartlands — has been to choose spokesmen from the loony or the militant Left. They have chosen whole councils of people who see the problem as one for government to resolve. And resolution means only one thing — more of somebody else's money. The cities become the testing ground for left-wing theories, the platform for their causes, the central front in the battle against government and even at times against an ordered democratic state.

It is this political change which reinforces the others and makes any solution more difficult. Sometimes the old communities turn out to have more commonsense and self-respect than Labour reckoned on. Ted Knight has lost the odd election even in a safe Labour seat in a decent year. Peter Tatchell lost one of Labour's best parliamentary seats in a by-election — and, far more significantly, Labour failed to recapture Bermondsey in the subsequent general election. Even in Liverpool there is now a strong popular movement against Derek Hatton and his more extreme views.

But despite the earthy realism of the old dock community of Bermondsey, the success of the Left in capturing council after council and parliamentary nomination after nomination has been remarkable. Paul Boateng, Bob Cryer, Bernie Grant, Ken Livingstone (now a right-wing figure by comparison) are all parliamentary candidates in old Labour heartlands. Russell Profitt, Ted Knight and even Derek Hatton will doubtless follow.

The final important change in cities has been the growing impulsion to crime and violence. The older local people are often scared to go out after dark or to go out alone at all. The locksmiths and chain-makers have worked overtime to bolt and bar the doors of flats and houses. There has been an ever more dramatic rise in tension and apprehension about possible crime. There are sporadic outbreaks of widespread looting and rioting, culminating in the use of firearms, the burning of cars and the hurling of petrol bombs.

None of this is a good start or a good advertisement for any programme of restoration and rebuilding. What is being done and can be done to reverse the tide?

If you walk eastwards from the Tower of London you may begin to pick up some ideas. For you are treading the land of the London Docklands Development Corporation. At the Tower itself tourist

monies have brought some business and life. Next door at St Katharine's dock there are a boating basin, pleasantly renovated brick warehouses and a fairly new hotel. As you travel eastwards you will see rehabilitated houses, new brick terraces, hi-tech factories, new roads.

It all began by concentrating on land use. The land was lying idle because it was unattractive, unserviced and unavailable. The LDCC cut through the resistance of local authorities, to grant planning permission for private housing and commercial development. It bought the land from the public sector bodies that had been hoarding it. It used limited government monies to tidy the land up. It encouraged other capital to come in. It built service roads and helped railway and airport projects.

The elements of success can be applied elsewhere. It will not always be possible to transmute the entire LDCC concept. What made that possible in docklands was the absence of many residents. In more thickly populated areas the powers of an unelected authority would be more bitterly resented by the duly elected councils and their supporters. But you can learn from the mechanisms.

The central government already has powers to require public bodies to sell land. Much of the wasteland is owned by local councils, the Government itself, and the large nationalised industries. It has powers to buy the land compulsorily if it is not sold. If planning application after planning application is turned down by the local authority the Government can grant applications on appeal.

The monies going into the city areas can be better marshalled and spent. The evidence suggests that money targeted on particular objectives gets better results than blanket subsidy. Yet by far the greatest sums are spent through rate support grant, a mechanism for transferring tax revenues from the rich South-East to the North and the cities. This subsidy is often spent on current account services and on political campaigning to the detriment of capital programmes that could open up the decaying areas.

Some of the best-used money is spent through the derelict land grant scheme to refurbish land before onward sale and reuse, and through housing repair programmes. More of the money needs to be spent on service roads, on improving the built environment and on other transport facilities. The programmes can be expanded through disposals proceeds and the attraction of private capital. Those tinned-up houses in Southwark could be sold to new owners who would rehabilitate them themselves. The warehouses along the Thames can become offices for companies finding north of the river too dear. Blocks of flats can be sold to developers for wholesale rehabilitation, or turned into tenants' co-operatives or refurbished by a developer free — by giving him some empty flats to sell. Many businesses will invest in the Midlands or London if they feel the worst areas are on the turn.

As you begin to restore balance to the housing situation — by selling council stock, renovating dilapidated homes and building new housing for sale — so the communities will start to change as well. New owners with higher incomes will bring new spending and new demand. More small businesses can grow to service them. Building workers will be needed. Every new office block needs clerks and cleaners, messengers and secretaries as well as managers and graduate technicians. More jobs will come and the communities will come to a greater stability. Neighbourhood watch will become a reality. More streets of decent houses, shops and commercial buildings will begin to counterbalance the tower blocks. Eventually more rate revenue may permit the destruction of the worst concrete estates and their replacement by low-rise housing. The crime prevention programme monies can be used in the better construction of the buildings of those areas.

It all takes time and patience. Given the political balance in our cities it will require formidable political skills. Docklands shows it can be done, and more quickly than many thought. It now needs considerable political will to apply the lessons more widely and more rapidly.

John Redwood was until recently head of the Prime Minister's Policy Unit.

Regional Pol. inner cities

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

10 December 1985

Dear Joan,

INNER CITIES

The Prime Minister has seen the Lord President's minute of 5 December which set out proposals for areas within the inner cities to be studied. The Prime Minister is content with the list of areas proposed and with the method of proceeding.

I am copying this letter to Edmund Hosker (Department of Trade and Industry), Clare Pelham (Home Office), Ian Hughes (Department of Education and Science), Robert Gordon (Scottish Office), Colin Williams (Welsh Office), Elizabeth Mothersill (Department of Health and Social Security), Chris Snell (Department of Employment), Robin Young (Department of the Environment), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), Jacob Franklin (Paymaster General's Office), Richard Broadbent (HM Treasury), Neil Kingham (Minister of State's Office, Department of the Environment) and to Michael Stark (Cabinet Office).

Yours ever

David

(David Norgrove)

Miss Joan MacNaughton,
Lord President's Office.

CONFIDENTIAL

SPW

cc BI.

Prime Minister
Content?
Yes mt DCR
9/12

PRIME MINISTER

INNER CITIES

At your meeting on 14 November you invited me to chair a meeting involving the Secretaries of State for the Home Department, Education and Science, Scotland, the Environment and Employment to select ten inner city areas for further study at your next meeting on the subject. I have now held that meeting, at which we were also joined by the Paymaster General, the Minister of State, Treasury, and the Minister of State, Department of the Environment (Mr Patten), and this minute reports our conclusions.

2. We took the view that, for the present exercise, we needed to be looking at areas appreciably smaller than local authority districts. Officials had prepared for our consideration a short list of possible areas with populations of the order of 30,000-40,000, and that seemed to us to be about right.

3. We also were confident that you would not want this exercise to be focused exclusively on areas (tending to have heavy concentrations of black people) that are identified as having particular potential for public disorder, and that we should suggest a more balanced list containing examples with considerable urban deprivation but without a significant ethnic minority element. The Secretary of State for Scotland was anxious that a Scottish area should be included. I saw much advantage in that, and also felt that it would be right to include a Welsh example, at least at this stage. (I understand that the Secretary of State for Wales is, indeed, content for an area of Cardiff to be involved, though he would naturally like to consider this involvement as the exercise clarifies.)

4. With all these considerations in mind, we selected the areas set out in the attached list. The areas in Glasgow and Middlesborough were not assessed as presenting particular public order problems; the areas in Cardiff and Leicester were assessed by the police as presenting a public order threat, but at the lower end of the scale; all the other areas were assessed as presenting a more significant public order problem. We considered, but rejected, other areas such as Brixton where there have been disorders since we were anxious to avoid giving the impression that riot was being rewarded.

5. The group of officials that was set up following your meeting will now proceed to assemble the requested information about these areas, for consideration at your meeting on 19 December. I should, however, emphasise that the Ministers at my meeting were quite clear that it would not be possible to collect detailed and precise information about areas of the size we had chosen without making enquiries of organisations at local level, and especially local authorities. In the case of Handsworth, there has been a lot of detailed study on the ground, following the recent riot, but information at that level of detail would not be available for the other areas without our being seen to be making enquiries which nobody at my meeting thought would be prudent at the present stage. I have therefore instructed the official group to assemble the very best information that they can, making use of informal local contacts in the few areas where that can be done discreetly, but not making formal approaches to the local authorities in any area. This will mean that the information for your meeting will be of variable quality, to some extent impressionistic, and based on estimates where precise data are not available. I am sure, however, that the information that can be collected will be sufficient for a useful and properly informed discussion at your next meeting.

6. I am sending a copy of this minute to the Secretaries of State for Trade and Industry, the Home Department, Education and Science, Scotland, Wales, Social Services, Employment, and Environment, to the Chancellor of the Duchy of Lancaster, the Paymaster General, the Chief Secretary, Treasury, the Minister of State, Department of the Environment (Mr Patten), and Sir Robert Armstrong.

GOW

Privy Council Office
5 December 1985

SUGGESTED LIST OF URBAN AREAS FOR FURTHER STUDY

1 Local Authority (Urban Programme Status).	2 Deprived areas for study within 1.	3 µIndicator of youth un-employment in 2. %	4 #Concentration of New Commonwealth immigrants in 2. %
Bimingham (Partnership)	HANDSWORTH	56	60
Manchester (Partnership)	MOSS SIDE	43	25
Bristol (Trad)	ST PAULS	45	24
Leeds (Programme)	CHAPELTOWN	43	20
Southwark (ODD)	NORTH PECKHAM	44	23
Kensington & Chelsea (Trad)	NOTTING HILL	31	15
Cardiff	BUTE TOWN/ RIVERSIDE	38	10
Leicester (Programme)	HIGHFIELDS	34	64
Middlesborough (Programme)	NORTH CENTRAL MIDDLESBOROUGH	51	14
Glasgow	*EASTERHOUSE or DRUMCHAPEL		

µ The indicator of youth unemployment used is the current number of unemployed under 25 as a percentage of the total number of unemployed and employed persons under 25 as recorded in the 1981 census. This is only a crude indicator because of changes in the size and structure of economic activity since 1981.

The number of persons resident in households where the head of household was born in the New Commonwealth and Pakistan as a percentage of the total population of the area at the 1981 census.

* Selection still to be made.

Regional Policy: Inner Cities Pt 7

10 DOWNING STREET

Prime Minister

This is a note circulated to a committee of officials. It reports views on the riot areas expressed by Department of Employment and MSC staff who work there.

The first two reports are predictable, and emphasise unemployment in Handsworth and Leicester.

The third, on Brixton and Tottenham, I recommend you to read — see flag.

DRN
5/12

cc BG

2 pps

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

5 December 1985

Dear Nick

INNER CITIES

Thank you for your letter of 3 December. I understand the Prime Minister is content for you to be present at the meeting on Thursday 19 December and I too would welcome your attendance.

I am sending a copy of this letter to the Prime Minister, the Secretaries of State for Trade and Industry, the Home Department, Education and Science, Scotland, Social Services, Employment, and Environment, to the Chancellor of the Duchy of Lancaster, the Paymaster General, the Chief Secretary, Treasury, the Minister of State, Department of the Environment (Mr Patten) and Sir Robert Armstrong.

Yours ever
Willie

The Rt Hon Nicholas Edwards MP

Regional Policy: Inner Cities R47

(32). file ECL

MR. INGHAM

cc Professor Griffiths

FAITH IN THE CITY - THE ARCHBISHOP'S REPORT ON URBAN PRIORITY AREAS

I mentioned to you that the Chancellor wondered whether some of the material in the note which Brian Griffiths sent him last night might not be injected into the public debate (e.g. by showing it to a trusted journalist, or indeed a church heavyweight, who might use it as a quarry for an article or two).

I wonder whether you might not discuss this with Brian and see what could be done. Obviously, the No.10 providence of the material needs to be absolutely protected. But I am sure you can ensure that.

N.L. WICKS

4 December 1985

From : ALAN WEBSTER, D.D.,
Dean of St Paul's

Tel : 01 - 236 2827

THE DEANERY
9 AMEN COURT
LONDON EC4M 7BU

The Rt Hon Margaret Thatcher MP
Prime Minister and First Lord of the Treasury
10 Downing Street
LONDON SW1

4 December 1985

My dear Prime Minister,

FAITH IN THE CITY

1 We exchanged a few words at the service for Charles Douglas-Home the other week and I thought it might be helpful if I wrote to you briefly.

2 The Church believes that it has itself so far failed to recognise or to respond to the needs of the poor. It has little confidence that, on its present record, it would hear at the last judgment the words of Our Lord to the righteous,

> "For I was an hungred, and ye gave me meat: I was thirsty, and ye gave me drink; I was a stranger, and ye took me in:
>
> Naked, and ye clothed me: I was sick, and ye visited me: I was in prison, and ye came unto me." (Matthew 25, vv35 and 36).

3 It confesses this freely: and it intends to do its best to comfort, sustain and enrich those who are the victims of what I believe is an historic sea-change in the character of the Western economy, on a par with comparable changes of the past.

4 In this intention, the Church does not make a butt of the Government. Its focus is rather the twin questions of what purposes our democratic society exists to serve; and of how those in work and comparatively well endowed with goods and opportunities can best fulfil the collective obligation towards and provide for those who have no work and who are poorly endowed with goods and opportunities.

5 I doubt whether any of us can see a way through the current economic change or can predict how long it will take for the economy to stabilise itself at a new level of maximum feasible employment. All that we can see is, I believe, that the change is profound and extensive; that it will probably leave the West with large numbers of long-term unemployed; that we thus face a real risk of establishing a new social "under" class, with little hope of betterment; and that, more and more, we shall depend on such agencies as the police to bear grievous burdens of stress and anxiety created by the misery and despair of the poor.

6 The Church cannot and does not pretend that it has easy answers. But because the last judgment is the judgment of nations (Matthew 25, v 32), and much more important because Our Lord has no-one but us all to be His ministers to the poor, the Church has a duty to prick the conscience of the nation; and to provoke and join in a debate about the type of society which is being created by economic change and economic policies.

7 Please be assured that my colleagues and I undertake this duty in no partisan spirit, or in the belief that we are holier or better than the Government or any of the Parties. Nor do we believe that throwing money at problems is the right answer. I know that you care for those who suffer. We wish to promote a sense of duty in the nation and its expression in appropriate public action, including appropriate public expenditure. We cannot but believe that this is an aim which you and we have in common.

Forgive this rather personal and religious letter – but I do care very much for my country – and I believe St Paul's is trying to do so in supporting this initiative entitled in 'Faith in the City'.

I remain your obedient servant

Yours very sincerely

Alan Webster

ALAN WEBSTER

NLW

Mr Norgrove

3 December 1985

CHANCELLOR OF THE EXCHEQUER

FAITH IN THE CITY

THE ARCHBISHOP'S REPORT ON URBAN PRIORITY AREAS

I enclose a critical evaluation of the Report, a Recommended Response, and a Second Installment of Criticisms.

Details of the amounts being spent in the UPAs etc etc can be got from Environment.

D.G.

BRIAN GRIFFITHS

EVALUATION

The Report of the Archbishop's Commission is to be published on 4 December. Its terms of reference were:

> "To examine the strenghs, insights, problems and needs of the Church's life and mission in Urban Priority Areas* and, as a result, to reflect on the challenge which God may be making to Church and Nation: and to make recommendsations to appropriate bodies".
>
> (* "The term Urban Priority Areas is used to include inner city districts and many large Corporation estates and other areas of social deprivation.")

It is an important statement by the Church (400 pages in length) on what is perceived as a major area of national concern - of poverty and inequality. It is certain to make a major splash in the media and among politicians when published - as well as remain a significant item on the agenda of the Church for the next 18 months.

It makes 61 main recommendations, 23 of which are to Government and Nation. All 23 main recommendations to government involve increased public spending, and 19 involve a permanently higher level of spending. Although it tries to avoid a confrontation with the Government by a wholesale condemnation of its policies, there is nevertheless running

throughout the Report a deep hostility to government policy and the philosophy on which it is based.

Inter alia the Report:

- is critical of council house sales (10.50)

- sees no future for the private rented sector (10.4-9)

- accuses private schools of being divisive in the nation (13.88)

- indicts government policy as giving "too much emphasis . . . to individualism and not enought to collective obligation" (9.46)

- states that "we are united in the view that the costs of present policies, with the continuing growth of unemployment . . . are unacceptable in their effect on whole communities and generations" (9.50)

- argues that cuts in university spending are "harming the life opportunities of academically able young people" (13.20)

- on unemployment, includes a section "No Alternative?" which concludes by questioning whether a "dogmatic and inflexible macro-economic stance" is appropriate.

- states that "for most low-income city residents, freedom of choise is a cruel deception" (10.45).

By contrast, its own approach is collectivist, determinist, and Keynesian. It has nothing to say to the individual family who wish to escape from poverty, except the snide comment that "comfortable Britain" is full of such people, and that the despair of the cities they have left is their legacy. The inner city problems will be solved through bigger government.

For a Christian Report, it shows the Church as a secular lobby offering hope to our nation through an expanded welfare state.

The Theme of the Report

i. Step 1: an Observation

Between 20% and 25% of our nation are excluded by poverty and powerlessness from the life of the nation, or live on the margins of poverty. Urban Priority Areas are defined as areas of poverty, characterised by a disproportionate number of "vulnerable people" - unemployed, unskilled, uneducated, sick, and minority ethnic groups; and suffering from low income, family breakdown, homelessness, crime and ill-health.

ii. Step 2: a Causal Link

Poverty and UPAs are not the result of choices made by the individuals concerned, but are imposed on them by suburban "middle Britain". The Report says: "One submission to us put it bluntly: 'the exclusion of the poor is pervasive and not accidental. It is organised and imposed by powerful institutions which represent the rest of us'."

iii. Step 3: the Solution - Government Spending

The only way poverty and UPAs can be eradicated is by changing the structure of our society, which in turn demands a greater rôle for the state, and higher public spending.

iv. Step 4: the Church's Response - Reorganisation

The response of the Church should be to give greater priority to the poor in terms of funding, through internal reorganisation of synods, education committees, and by development of clergy and laity through new programmes of training.

Criticisms of the Report

1. "Poverty is Relative as well as Absolute"

The Report claims that poverty exists "if people are denied access to what is generally regarded as a reasonable standard and quality of life in that society" (9.3). No attempt is made to distinguish absolute from relative poverty. Not being as well off as your neighbour is treated like destitution. This technique was strongly condemned by Charles Booth in his classic study of poverty in London in 1902:

> "The question of those who actually suffer from poverty should be considered separately from that of the true working classes, whose desire for a larger share of the wealth is of a different character. It is the plan of agitators and the way of sensational writers to confound the two in one, to talk of 'starving millions' and to tack on the thousands of the working classes to the tens of hundreds of the distressed. Against this method I protest. To confound these essentially distinct problems is to make the solution of both impossible. It is not by welding distress and aspiration that any good can be done."

2. "Poverty is about Powerlessness"

The Report claims that "it is about rights and relationships: about how people are treated and how they regard themselves; about powerlessness, exclusion and loss of dignity" (9.4).

This must be absolute nonsense. The lowest quartile of families in terms of income in this country is a varied collection of individuals and people. To describe them as "the poor" conceals more than it illuminates. Why did the Report not do any research on differences between families in the UPAs?

The Report does not consider social mobility. It is much worse to be poor if there is no way out. But the success of the Ugandan Asian refugees shows, for example, that there is a way out for those who seek it.

To describe poverty in terms of powerlessness and exclusion rather than material deprivation empties the word of any meaning, in view of the fact that all our citizens have a vote, are represented by local councillors and MPs, and have access to Citizens Advice Bureaux and Law Centres, as well as clergy whom they can consult.

3. The Cause of Poverty and UPAs

The Report identifies the major cause of poverty as the external environment of the people who live in UPAs: "the structure of society", "economic decline", "racial discrimination", unemployment, lack of government resources, bad housing, poor schools, hostile police.

It lays hardly any emphasis whatever on the predominant culture and value of those who live in the most chronic UPAs. Yet typically upper middle and working class people within the Church, as well as the Jews - and, more recently, Muslims - have had values which emphasise in particular the future as well as the present, and which therefore have been conducive to prosperity. These people expected to take responsibility for their children and grandchildren. Because they knew they could influence the future, they invested in housing, education and their children's welfare. To achieve this, they cut down on consumption, typically "sacrificing" something which they would otherwise enjoy.

By comparison, those who have tended to live in deprivation have lived from day to day. Their lifestyle was determined by fate, not choice. They see themselves as the victims of local government, companies, schools, hospitals, unemployment. They tend to behave more on impulse, with less concern for the future, and with less emphasis on discipline.

If values and culture do not matter, why is it that, when members of inner city communities are moved to large housing estates on the outer fringes of cities, they have so deteriorated that they can be presented as "the most pressing urban problem of the mid-1980s"?

The Report recognises that the black Churches have been more successful in the UPAs than the Church of England. What kind of attitude do these families have to employment, saving, housing, education and responsibility for relatives?

4. Self-help and the Individual

Traditionally, the escape from poverty for any individual or family has been associated with the family, and a belief in the future. It is significant that the 61 recommendations of the Report are addressed to the Church and the Government. Not one is given to individuals. This underlines the deterministic and corporatist philosophy of the whole Report. The members of the Commission reflect the comparative consensus of the 1960s: having lost the ear of Government, they have captured the Church instead.

5. Public Ownership and the UPAs

The Report observes the powerlessness of people in UPAs:

- "poor people . . . at the mercy of fragmented and apparently unresponsive public authorities"; (xv)

- "trapped in housing and in environments over which they have no control"; (xv)

- "there is a lack of housing mix in many of the catchment areas served by UPA schools". (13.6)

- "the loss of hope and morale in many UPA schools borders on the catastrophic" (13.12).

What the Report fails to point out anywhere are:

i. most of the housing in UPAs is council housing;

ii. local authorities own substantial areas of undeveloped land;

iii. the market economy is actively discouraged in their areas by Left-wing councils who are hostile to its growth.

It could be argued that UPAs are the unintended but, nevertheless direct, consequence of interventionist government policies.

RECOMMENDED RESPONSE

1. Welcome it as a serious investigation of a real problem.

2. Emphasise that you applaud the Report's concern for those in our society who live in intolerable conditions. Grateful that the Report recognises the value of existing government policies, eg the Urban Programme, the extension of the YTS to 2 years, the Community Programme, and the establishment of the Law Centres.

3. Nevertheless, this problem needs to be identified more accurately than the Report does.

   a. Powerlessness may or may not be a problem, but it is very different from material poverty.

   b. Need to recognise that the poor, or those who live on the margins of poverty - which the Report claims are 20-25% of our population - have varied needs, aspirations, and live under varying constraints: wrong to think that there is a single answer.

   c. One crucial characteristic of UPAs to which the Report pays little attention is that they are areas of high public ownership of land and housing, Left-wing local authorities, and considerable public expenditure.

4. By advocating increased government expenditure as the way of solving the problems which they describe, you uncover a major inconsistency.

It is clearly stated that poverty and powerlessness, which characterise UPAs, are in no small measure the result of large government, bureaucratic local authorities, impersonal landlords. Yet the solution of the Report is to give more power to the very institutions which create the conditions of despair and deprivation.

5. The Christian Church has always proclaimed the infinite value and dignity of each individual, created in the image of God. Express surprise that the 61 recommendations are addressed to the Church and government, and no suggestions are made to individuals. Yet we know that the key ingredients in escaping from poverty are work, the family, and faith: but a changed lifestyle, the discovery of meaning in work, the benefits of strong family life, and a hope for the future are precisely what the Church can offer. Why is the Church so reluctant to play its strongest card?

6. Express surprise that the recommendations of the Report lay far more emphasis on central and local government than they do on the family. Indeed, in the section on Law and Order, they feel it is "unfair to single out parents" as being responsible for the discipline of their children "in a

society where adults often generally do not feel authorised to keep order.

7. Recognise that government has a part to play in improving the position of the UPAs. But the values and attitudes of people are also important. Express surprise that the value of the Protestant ethic in terms of its attitude to work, saving and investment is only mentioned once - and then in a slightly derogatory way.

8. Recognise, as the Report does, that a strong and growing Church has a major rôle to play in the inner city. As Anglicans attract 1% of the present population of UPAs, there is plenty of opportunity for Church growth through the implementation of new ideas. Black Churches are growing in the inner cities by 5% per annum. In Latin America, despite deprivation the Christian Church has experienced explosive growth.

As a result of the recommendations of the Report, you confidently look forward to growth in the Church of England in the inner cities over the coming years.

BRIAN GRIFFITHS

MEMBERS OF THE COMMISSION

A list of members of the Commission is attached. Of the 18 members 7 were clergy 3 sociologists (!), 2 voluntary officials, 4 teachers and academics, 1 trade unionist and 1 businessman.

The following should be noted:

a. O'Brien, Sheppard, Halsey and Pahl are well known for their corporatist, welfare state, Keynesian views - the Report therefore is hardly surprising.

b. The Church of England is a national institution, and yet the composition of the Commission hardly reflects the views of the nation or of active members of the Church itself. Why this omission?

c. The Secretary of the Report was seconded from the DoE for 2 years, and received promotion while writing this critique of the Government; and John Chilvers was seconded from the Bank of England to assist on finance and staffing!

FAITH IN THE CITY

THE ARCHBISHOP'S REPORT ON URBAN PRIORITY AREAS

A SECOND INSTALLMENT

1. The Report, does not speak for the Church

It is a Report to not by the Archbishop.

Its members are unrepresentative of the laity of the Church of England and of the people of this country:

- by their professions (7 clergy, 3 sociologists, 3 teachers, 1 trade unionist, 2 voluntary sector, 1 businessman);
- by their previously known criticism of government policy (Sheppard, Billings, Halsey, Pahl, Keating); and
- by the results of the last two General Elections.

2. The Report is a political not a theological document

Curiously enough, the theological chapter of the Report (Chapter 3) is one of the weakest. It does not compare at all favourably to a comparable document from the US - the Catholic Bishop's Report on the US economy.

The logic of the Report is that:

a. the Christian should show compassion to those in need - the poor;

b. people living in the UPAs are suffering from an acute form of relative poverty;

c. the Christian gospel is as much concerned with the civic as it is with the private sphere (personal salvation, evangelism, charity and service);

but it also states that:

d. no single Christian blueprint, however, has emerged from the tradition of Christian social thought, and that;

e. an important Christian emphasis is on community as intermediate between the individual and his state is important in social policy.

All of these points may be accepted. But then the key question becomes - how, on the basis of Christian theology, do we arrive at a set of recommendations, all of which involve increased public spending, reflation, higher benefits and son on? If we accept points a - e, could we not also support a very different kind of strategy to the

inner city emphasising an appeal to greater home ownership, support for the family, economic regeneration through private development and new businesses and a greater role for the voluntary sector? The answer, of course, it that we could, and therefore that the distinguishing feature of this Report is not its theological assumptions but its political judgements.

3. How Marxist is the Report?

The essence of Marxist analysis is that economic inequality in capitalist society is the result of class conflict, the bourgeoisie versus the proletariat - with the result that the individual plays no personal role, other than as a member of his/her class, either in creating inequality or remedying it.

The Report analyses the problems of "poverty", "powerlessness" and "polarisation" in similar terms; namely the exploitation of "the poor" (15 million) by "comfortable Britain" (the rest). In other words, the classes of the proletariat and the bourgeoisie are replaced by the new classes of the 'poor' and 'comfortable Britain'.

There are many examples where the Report goes out of its way to emphasise the structure of society being the cause of poverty.

For example the "most important wider question concerns the structure of our society. One submission to us put it bluntly: 'The exclusion of the poor is pervasive and not accidental. It is organised and imposed by powerful institutions which represent the rest of us'." (15.6)

"Again and again, our evidence underlines the structural causes of this state of our cities" (10.7). It approves "Marx's perception that evil is to be found . . . in the very structure of economic and social relationship". (3.11)

The result is that the Report goes out of its way to exonerate individuals from ever being the cause of poverty:

> "We wish to endorse the stress placed in much of the evidence on corporate responsibility. For example: 'While the deprivation in Newham is self-evident, we do not believe that deprived areas are the cause of their own deprivation, but that the whole of society, of which the Church is a part, shares the responsibility'. Again and again, our evidence underlines the structural causes of the state of our cities, and the link with poverty and powerlessness. What has been clear to us as we have travelled round the cities is the link between bad housing and income. Poor people live in poor housing'." (10.7)

The result of making class, the system and structure the instruments of equality is to undermine individual accountability and the importance of self-help.

4. One Nation Issue

The Report may be considered divisive in the following way:

- Even if its policies were put into effect, the kind of Britain which would emerge would show a sharp difference between

  "Comfortable Britain": in which there was private housing, good state and private schools, employed and mobile people, lower family breakdown, even though taxes would be higher.

  UPAs: in which there would now be better housing, schools, health etc, but mainly council housing, state schools, continuing unemployment (even if the total figure is down to 2 million, it will still bear heavily in UPAs), high rates, disincentives to job- creation, Left-wing councils, and once again sub-societies in which choice and markets are restricted because state ownership and control is so substantial.

By contrast our vision is for much greater variety in patterns of ownership, employment, housing etc both in

the suburbs and in the inner cities. In this sense, our vision is of one nation, with much less contrast between comfortable Britain and UPAs .

5. '<u>The Church of England has never enjoyed a golden age in Urban Britain</u>'. (2.68).

In a very interesting piece of research done at Oxford and Princeton and published by Yale University Press, <u>Religion and Respectability - Sunday Schools and Working CLass Culture 1780-1950</u>, T. W. Laqueur concludes that:

> "The Sunday school was largely the creation of the working-class community and as such deserves a place in its history; that it was the product of the infinite inventiveness and ingenuity of men and women who, under the most adverse conditions, created a culture of discipline, self-respect and improvement within which to wage the battle for social justice and political equality; and that the prism of the Sunday school reveals qualities and textures in working-class life absent from a vantage gained exclusively through the history of political struggle".

Attached is a table on numbers of Sunday schools built or founded and enrolment over this period.

Table 4:[65] *Numbers of Sunday schools built or founded* 1780–1850 *distinguishing Anglican and Non-Anglican*

Years to:	Total no.	No. Belonging to C. of E.	Percentage of Total no. Belonging to C. of E.
1801	2290	1282	56.4
1811	4687	2288	48.8
1821	8236	3766	45.7
1831	11910	5371	45.0
1841	17168	7815	45.0
1851	23135	10427	45.0

Table 5:[66] *Enrolment in English Sunday schools* 1788–1850

Year	Number	Percentage of Population	Percentage of Those Age 5–15	Percentage of Working Class Age 5–15
1788	59,980	—	—	—
1795	94,100	—	—	—
1801	206,100	2.5	10.3	13.8
1811	415,000	4.4	18.2	24.2
1818	452,325	4.2	17.6	23.4
1821	730,000	6.5	27.0	36.0
1831	1,096,000	8.4	37.2	49.6
1833	1,363,170	10.2	45.0	60.0
1841	1,679,000	11.4	49.8	66.4
1851	2,099,611	12.5	56.5	75.4

[65]Prepared from *Census: Education* 1852–53 [1692] xc, Table 25. Those schools for which no date of founding or construction of building is given, 1,071 Anglican, 420 Dissenting, were distributed equally over seven decades. There is no basis for a more sophisticated distribution of the undated schools

[66]Numbers of 1788 and 1795 are, at best, educated guesses arrived at through the use of the following formula:

$$\text{no. in schools aided by the Sunday School Society in 1788 and 1795} \times \frac{\text{no. of schools founded by 1801}}{\text{no. of schools aided by the Sunday School Society in 1801}}$$

The 1801 number is calculated by using the average size of schools aided by the Sunday School Society (90 pupils) × the number of schools in existence. For 1811

A casual glance at this table suggests that by the mid-nineteenth century the Church of England had a profound impact on children in the working class in our major cities. What is particularly interesting is the organisation of those schools (authority, punctuality etc). Their curriculum and the value which they propounded (work discipline, use of leisure etc). What a contrast to the Report's recommendations on education.

6. Questions the Report never asked?

- The 15 million living in or on the margin of poverty are a varied collection of people. But what are the differences between these families? We know that some families living on council estates are far more successful than others. Why? What kind of families move from UPAs? What kind of families are drawn into UPAs?

- What can we learn from Christians worshipping in the black-led Churches? Of these people, it says: "The(ir) attitude to the Bible is conservative. There is increasing concern for the social and political implications of the Gospel as well as for the salvation of individuals; and there has been a growth of a self-help movement that helps fill the gap left by statutory services unable or unwilling to care for the needs of black people". (2.57) I think this is the only time self-help is mentioned in the Report.

- In the light of this self-help movement, how are the attitudes of Christians in black-led churches from those in the Church of England different? What can the Church of England learn from this?

- Within the UPAs why do some families wish to buy their council homes, and others not?

- How far have the policies of Left-wing controlled councils contributed to the problem of UPAs? Why did the Committee ignore this issue?

BG.

BRIAN GRIFFITHS

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From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

3 December 1985

Dear Willie

I understand that, following a meeting on Inner Cities chaired by the Prime Minister on 14 November, you are preparing a list of 10 possible urban areas for further study and that you will be meeting Ministerial colleagues on Wednesday to select 10 areas from a list of about 20 areas being put forward by a group of officials under Cabinet Office chairmanship. There is to be a further meeting with the Prime Minister on 19 December to consider your selected list.

Although I have not so far been involved in the Ministerial discussions, this is a subject in which I have a particular interest - as expressed in my letter of 31 October to Kenneth Baker - and I understand from my officials, who have taken part in the Cabinet Office group discussions, that part of Cardiff has been identified as one of the 20 areas you will be considering on Wednesday. In the circumstances, and irrespective of whether you decide to select Cardiff as one of the 10 areas for further consideration, I think it would be appropriate if I were to be present at the meeting with the Prime Minister on 19 December and I hope that this can be arranged.

I am copying this to the Prime Minister, other members of Cabinet, the Chief Whip and Sir Robert Armstrong.

Yours ever

Nicholas

The Rt Hon Viscount Whitelaw CH MC
Lord President of the Council

REGIONAL POLICY
INNER CITIES
PT 7

PM

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PRIVY COUNCIL OFFICE

WHITEHALL. LONDON SW1A 2AT

2 December 1985

Dear Secretary of State

I attach a copy of the speaking note on the Report of the Archbishop of Canterbury's Commission on Urban Priority Areas, for distribution to members of your team of Ministers.

I am sending a copy of this letter and the attachment to all members of the Cabinet.

Yours Sincerely

R Lawrence.

(Approved by the Lord President and signed in his absence)

The Rt Hon Sir Geoffrey Howe QC MP

SPEAKING NOTE: REPORT OF ARCHBISHOP OF CANTERBURY'S COMMISSION ON URBAN PRIORITY AREAS

1. The report of the Archbishop of Canterbury's Commission on inner cities makes a large number of recommendations - 38 to the Church and 23 to Government. But its analysis does not break new ground.

2. The problems of our inner cities are well known and have grown up over decades. This Government has already mounted a determined attack on them, as outlined below.

3. The recommendations to the Church of England are matters for the Church itself. In its discussion of Church finances and property the report recognises that money is limited and that careful judgements have to be made about its use.

4. There is, however, next to no costing of the recommendations for Government policy and expenditure which include:

- real increase in Rate Support Grant to local authorities

- relaxation of Community Programme eligibility rules, and increase in the number of places

- an increase in the size of the Urban Programme

- yet more support for the voluntary sector and funding continuity

- extended benefits to the long-term unemployed

- increased child benefit, and additional earnings disregards

- more resources for social services, especially where locally based

- increased Council housing programme, and greater choice of accommodation for homeless people.

One of the very few estimates of extra cost for any proposal recommended in the Report is the £550/£600m required to expand, as the Commission recommends, the Community Programme to 500,000 places.

5. Just as the Report ignores the cost of its recommendations, so it ignores or fails to recognise sufficiently:

- the deep-rooted problem of British industry's competitiveness which has destroyed jobs - a problem which the Government is resolutely tackling

- the role of the family and the individual, not just Government or local government, in helping to make inner cities better

- the role of the school in inculcating in children values of respect, good citizenship and good behaviour

- crime as the source rather than the symptom of some of the problems of our inner cities; crime as a problem arising for moral rather than social or economic reasons

- the need for greater efficiency in the use of taxpayers' and ratepayers' money.

6. The Government has not ignored these problems. And contrary to what the report says (para 8.18) the police programme is NOT the only one which has grown in real terms.

The facts are that Government programmes wholly or significantly benefiting urban areas have increased <u>in real terms</u> since it came to office as follows:

- Urban Programme DOUBLED to £338m

- Derelict Land Grant DOUBLED to £82m

- Support for voluntary sector TREBLED to £640m (1984/85)

- Housing Improvement Grants TREBLED to £500m, peaking at £900m in 1983/84

- Government support to housing associations through Housing Corporation is now £706m, a 9% real terms increase

- Support for local authority posts dealing with the special needs of Commonwealth immigrants DOUBLED to £95m

7. Over and above this the Government has - and is continuing to -

- encourage local authorities to concentrate on repairing their existing stock of homes; 76% of Council dwellings built post 1945

- take steps to encourage better management and maintenance of Council housing

- encourage much greater involvement of tenants in the running of their estates

- strongly encourage home ownership particularly through Right to Buy which is now being further extended to help tenants of Council flats, and through inner city low cost home ownership

- promote enterprise and increase training, including in high-tech and computer technology

8. All this underlines the Government's recognition of the problems of our inner cities and its attack on them across a broad front. The Government is moreover reviewing inner city spending programmes to see what can be done better and how to obtain more value for money from the already substantial investment in a better urban environment.

9. But money alone cannot solve the problems of the inner cities. High public expenditure in the past has not solved them. Indeed, post war investment in many housing estates is now seen as an expensive mistake. The prime needs today are:

- to create an enterprising and expanding economy to provide new jobs in our inner cities and elsewhere

- to encourage private investment

- to encourage people to have a stake in their community by buying their homes, participating in decisions affecting their lives and stimulating self-help

- to get better value from existing spending, better services for the same expenditure, as the Audit Commission have shown is possible for local authority expenditure.

10. Finally, the Report recommends that housing finance, including mortgage tax relief should be examined with the "objective of providing most help to those in need".

11. This Government is committed to maintaining mortgage tax relief for the 62% - and rising - of the people who own their homes and who have the very stake in their community which the Government is trying to encourage in our inner cities.

<u>2 December 1985</u>

File JA

: bc: Prof. Griffiths.

10 DOWNING STREET

From the Private Secretary

2 December 1985

Mark
To be aware
3/12

Dear Stephen,

INNER CITY YOUTH: LEADERSHIP TRAINING

The Prime Minister has seen a copy of the letter of 27 November to your Secretary of State from the Secretary of State for the Environment about Operation Raleigh. She hopes it will be possible for the Home Office to find the money to fund the 100 places for inner city youngsters.

I am copying this letter to Robin Young (Environment), P. Madden (Trade and Industry), Leigh Lewis (Employment), Joan MacNaughton (Lord President's Office), Ian Hughes (DES) and to Michael Stark (Sir Robert Armstrong's office).

Yours ever,

David.

(David Norgrove)

S. W. Boys Smith, Esq.,
Home Office.

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PRIME MINISTER 2 December 1985

FAITH IN THE CITY - POSTSCRIPT TO BRIAN GRIFFITHS' MINUTE

Order and Law (The usual sequence is deliberately inverted - Chapter 14.)

This Chapter could play a dangerous role in subverting support for the hard-pressed forces of law and order, and in whipping up racial tension. Police methods and police attitudes to the immigrant community are challenged. As such, the report is the unwitting dupe of the extreme Left (unwitting because late in the chapter it sympathises with police stress).

Those who would undermine the forces of law and order until now have led to schools refusing for 10 years police access even to teach children road safety and has led to posters hostile to the police in schools. With this report, the Church has been enlisted to carp at and repeat criticisms of the police.

It is well into the Chapter before the real victims of crime are mentioned. Pride of place is given to the other victims of the system - convicted prisoners. Our penal system is seen as the road for reforming prisoners, not as a way of keeping the law abiding secure from the ravages of the violent or dishonest.

The penal system has failed. Moreover, current policy provides for over-policing (clearly the authors were not in

Lozelles Road on 9 September when there were too few well equipped police). The report rehearses the woolly idea that over-intensive policing is counter-productive. Its statement that "black people continue to receive humiliating and discriminatory treatment from their fellow white citizens in many areas" - will be interpreted as provocative by many. The statement is without scientific or proper research and stands beside the jibe that black people are far more exposed to police questioning and arrest on the streets than white. This is shocking. Of course, in black areas this is bound to be true, but what is the point of making these allegations generalisations from anecdotal reports?

The Church should learn how Lenin intended that a prime target of attack in a capitalist society should be the police. Not surprising when this political influence is identified, the Committee do not suggest the family can help much. It states (14.17): "It is unfair to single out parents (to exert discipline) in a society where adults generally do not feel authorised to keep order."

After being far from positive, the report has the gall to criticise law and order policy for having a negative view of the inner city. This Government is portrayed as presiding over a crime wave and for failing to look at root causes and is guilty by its association with the Consumer Society. Contrary to the Home Office view, the report suggests unemployment as a cause of crime. It forgets the crime rate in the 1930s when employment was much worse than it is now.

Beside all this, as if written by another hand, our crime prevention efforts, using a community approach and victim support, is praised. It asks for more and better funded law centres. It points to the problem of drugs and fails to make the point that drugs are misused in rich and poor areas alike.

With a few mitigating factors this is a bad chapter and directly "cocks a snook" at the Government of law and order.

HARTLEY BOOTH

PRIME MINISTER 29 November 1985

FAITH IN THE CITY

THE ARCHBISHOP'S REPORT ON URBAN PRIORITY AREAS

I enclose a critical evaluation of the Report, a Recommended Response, and the following Appendices:

A. Summary by DoE

B. Government Support for Urban Areas

C. List of Commissioners

D. List of Conclusions and Recommendations

BG.

BRIAN GRIFFITHS

EVALUATION

The Report of the Archbishop's Commission is to be published on 4 December. Its terms of reference were:

> "To examine the strenghs, insights, problems and needs of the Church's life and mission in Urban Priority Areas* and, as a result, to reflect on the challenge which God may be making to Church and Nation: and to make recommendsations to appropriate bodies".
>
> (* "The term Urban Priority Areas is used to include inner city districts and many large Corporation estates and other areas of social deprivation.")

It is an important statement by the Church (400 pages in length) on what is perceived as a major area of national concern - of poverty and inequality. It is certain to make a major splash in the media and among politicians when published - as well as remain a significant item on the agenda of the Church for the next 18 months.

It makes 61 main recommendations, 23 of which are to Government and Nation. All 23 main recommendations to government involve increased public spending, and 19 involve a permanently higher level of spending. Although it tries to avoid a confrontation with the Government by a wholesale condemnation of its policies, there is nevertheless running

throughout the Report a deep hostility to government policy and the philosophy on which it is based.

Inter alia the Report:

- is critical of council house sales (10.50)

- sees no future for the private rented sector (10.4-9)

- accuses private schools of being divisive in the nation (13.88)

- indicts government policy as giving "too much emphasis . . . to individualism and not enought to collective obligation" (9.46)

- states that "we are united in the view that the costs of present policies, with the continuing growth of unemployment . . . are unacceptable in their effect on whole communities and generations" (9.50)

- argues that cuts in university spending are "harming the life opportunities of academically able young people" (13.20)

- on unemployment, includes a section "No Alternative?" which concludes by questioning whether a "dogmatic and inflexible macro-economic stance" is appropriate.

- states that "for most low-income city residents, freedom of choise is a cruel deception" (10.45).

By contrast, its own approach is collectivist, determinist, and Keynesian. It has nothing to say to the individual family who wish to escape from poverty, except the snide comment that "comfortable Britain" is full of such people, and that the despair of the cities they have left is their legacy. The inner city problems will be solved through bigger government.

For a Christian Report, it shows the Church as a secular lobby offering hope to our nation through an expanded welfare state.

The Theme of the Report

i. Step 1: an Observation

Between 20% and 25% of our nation are excluded by poverty and powerlessness from the life of the nation, or live on the margins of poverty. Urban Priority Areas are defined as areas of poverty, characterised by a disproportionate number of "vulnerable people" - unemployed, unskilled, uneducated, sick, and minority ethnic groups; and suffering from low income, family breakdown, homelessness, crime and ill-health.

ii. Step 2: a Causal Link

Poverty and UPAs are not the result of choices made by the individuals concerned, but are imposed on them by suburban "middle Britain". The Report says: "One submission to us put it bluntly: 'the exclusion of the poor is pervasive and not accidental. It is organised and imposed by powerful institutions which represent the rest of us'."

iii. Step 3: the Solution - Government Spending

The only way poverty and UPAs can be eradicated is by changing the structure of our society, which in turn demands a greater rôle for the state, and higher public spending.

iv. Step 4: the Church's Response - Reorganisation

The response of the Church should be to give greater priority to the poor in terms of funding, through internal reorganisation of synods, education committees, and by development of clergy and laity through new programmes of training.

Criticisms of the Report

1. "Poverty is Relative as well as Absolute"

The Report claims that poverty exists "if people are denied access to what is generally regarded as a reasonable standard and quality of life in that society" (9.3). No attempt is made to distinguish absolute from relative poverty. Not being as well off as your neighbour is treated like destitution. This technique was strongly condemned by Charles Booth in his classic study of poverty in London in 1902:

> "The question of those who actually suffer from poverty should be considered separately from that of the true working classes, whose desire for a larger share of the wealth is of a different character. It is the plan of agitators and the way of sensational writers to confound the two in one, to talk of 'starving millions' and to tack on the thousands of the working classes to the tens of hundreds of the distressed. Against this method I protest. To confound these essentially distinct problems is to make the solution of both impossible. It is not by welding distress and aspiration that any good can be done."

2. "Poverty is about Powerlessness"

The Report claims that "it is about rights and relationships: about how people are treated and how they regard themselves; about powerlessness, exclusion and loss of dignity" (9.4).

This must be absolute nonsense. The lowest quartile of families in terms of income in this country is a varied collection of individuals and people. To describe them as "the poor" conceals more than it illuminates. Why did the Report not do any research on differences between families in the UPAs?

The Report does not consider social mobility. It is much worse to be poor if there is no way out. But the success of the Ugandan Asian refugees shows, for example, that there is a way out for those who seek it.

To describe poverty in terms of powerlessness and exclusion rather than material deprivation empties the word of any meaning, in view of the fact that all our citizens have a vote, are represented by local councillors and MPs, and have access to Citizens Advice Bureaux and Law Centres, as well as clergy whom they can consult.

3. The Cause of Poverty and UPAs

The Report identifies the major cause of poverty as the external environment of the people who live in UPAs: "the structure of society", "economic decline", "racial discrimination", unemployment, lack of government resources, bad housing, poor schools, hostile police.

It lays hardly any emphasis whatever on the predominant culture and value of those who live in the most chronic UPAs. Yet typically upper middle and working class people within the Church, as well as the Jews - and, more recently, Muslims - have had values which emphasise in particular the future as well as the present, and which therefore have been conducive to prosperity. These people expected to take responsibility for their children and grandchildren. Because they knew they could influence the future, they invested in housing, education and their children's welfare. To achieve this, they cut down on consumption, typically "sacrificing" something which they would otherwise enjoy.

By comparison, those who have tended to live in deprivation have lived from day to day. Their lifestyle was determined by fate, not choice. They see themselves as the victims of local government, companies, schools, hospitals, unemployment. They tend to behave more on impulse, with less concern for the future, and with less emphasis on discipline.

If values and culture do not matter, why is it that, when members of inner city communities are moved to large housing estates on the outer fringes of cities, they have so deteriorated that they can be presented as "the most pressing urban problem of the mid-1980s"?

The Report recognises that the black Churches have been more successful in the UPAs than the Church of England. What kind of attitude do these families have to employment, saving, housing, education and responsibility for relatives?

4. Self-help and the Individual

Traditionally, the escape from poverty for any individual or family has been associated with work the family, and a belief in the future. It is significant that the 61 recommendations of the Report are addressed to the Church and the Government. Not one is given to individuals. This underlines the deterministic and corporatist philosophy of the whole Report. The members of the Commission reflect the comparative consensus of the 1960s: having lost the ear of Government, they have captured the Church instead.

5. Public Ownership and the UPAs

The Report observes the powerlessness of people in UPAs:

- "poor people . . . at the mercy of fragmented and apparently unresponsive public authorities"; (xv)

- "trapped in housing and in environments over which they have no control"; (xv)

- "there is a lack of housing mix in many of the catchment areas served by UPA schools". (13.6)

- "the loss of hope and morale in many UPA schools borders on the catastrophic" (13.12).

What the Report fails to point out anywhere are:

i. most of the housing in UPAs is council housing;

ii. local authorities own substantial areas of undeveloped land;

iii. the market economy is actively discouraged in their areas by Left-wing councils who are hostile to its growth.

It could be argued that UPAs are the unintended but, nevertheless direct, consequence of interventionist government policies.

This seems right to me.
Kill it with kindness.
A Church - Government row would keep the report on the front pages.
DRN
29/11

RECOMMENDED RESPONSE

1. Welcome it as a serious investigation of a real problem.

2. Emphasise that you applaud the Report's concern for those in our society who live in intolerable conditions. Grateful that the Report recognises the value of existing government policies, eg the Urban Programme, the extension of the YTS to 2 years, the Community Programme, and the establishment of the Law Centres.

3. Nevertheless, this problem needs to be identified more accurately than the Report does.

   a. Powerlessness may or may not be a problem, but it is very different from material poverty.

   b. Need to recognise that the poor, or those who live on the margins of poverty - which the Report claims are 20-25% of our population - have varied needs, aspirations, and live under varying constraints: wrong to think that there is a single answer.

   c. One crucial characteristic of UPAs to which the Report pays little attention is that they are areas of high public ownership of land and housing, Left-wing local authorities, and considerable public expenditure.

4. By advocating increased government expenditure as the way of solving the problems which they describe, you uncover a major inconsistency.

It is clearly stated that poverty and powerlessness, which characterise UPAs, are in no small measure the result of large government, bureaucratic local authorities, impersonal landlords. Yet the solution of the Report is to give more power to the very institutions which create the conditions of despair and deprivation.

5. The Christian Church has always proclaimed the infinite value and dignity of each individual, created in the image of God. Express surprise that the 61 recommendations are addressed to the Church and government, and no suggestions are made to individuals. Yet we know that the key ingredients in escaping from poverty are work, the family, and faith: but a changed lifestyle, the discovery of meaning in work, the benefits of strong family life, and a hope for the future are precisely what the Church can offer. Why is the Church so reluctant to play its strongest card?

6. Express surprise that the recommendations of the Report lay far more emphasis on central and local government than they do on the family. Indeed, in the section on Law and Order, they feel it is "unfair to single out parents" as being responsible for the discipline of their children "in a

society where adults often generally do not feel authorised to keep order.

— Full Quote —

7. Recognise that government has a part to play in improving the position of the UPAs. But the values and attitudes of people are also important. Express surprise that the value of the Protestant ethic in terms of its attitude to work, saving and investment is only mentioned once - and then in a slightly derogatory way.

8. Recognise, as the Report does, that a strong and growing Church has a major rôle to play in the inner city. As Anglicans attract 1% of the present population of UPAs, there is plenty of opportunity for Church growth through the implementation of new ideas. Black Churches are growing in the inner cities by 5% per annum. In Latin America, despite deprivation the Christian Church has experienced explosive growth.

As a result of the recommendations of the Report, you confidently look forward to growth in the Church of England in the inner cities over the coming years.

BRIAN GRIFFITHS

A

THE REPORT OF THE ARCHBISHOP OF CANTERBURY'S COMMISSION ON URBAN PRIORITY AREAS

"FAITH IN THE CITY - A CALL FOR ACTION BY CHURCH AND NATION"

1. This is a long report - 366 pages. The terms of reference are:

> "to examine the strengths, insights, problems and needs of the church's life and mission in urban priority areas and, as a result to reflect on the challenge which God may be making to church and nation: and make recommendations to appropriate bodies".

2. Much of the report is addressed to the Church itself. The Commission were much concerned with how the Church as an institution should relate to, and more effectively play a part in, tackling urban problems. It is important to stress, therefore, that though the report has a good deal to say about public policy, much of it deals not just with what the Commission sees as the crisis of the inner cities but also the crisis faced by the Anglican church itself in the inner city context.

3. Because the report is long it is likely that the media will, at least in part, focus on the Introduction of the report. This is hard hitting.

4. The Introduction says that the 1977 White Paper "Policy for the Inner Cities" in effect placed urban problems firmly on the political agenda with the associated expectations that such a step implies. The Introduction states:

> "Things have worsened rather than improved since 1977. All the signs are that the decline of the quality of life (in inner city areas) is continuing, as the collapse of the West Midlands industrial base clearly illustrates ..... whatever method or framework is used to establish and present the facts the same message of acute human misery is received".

5. The Introduction acknowledges that the Church does not have particular competence or a distinguished record in proposing social reforms. But it does have a presence in the inner cities and a responsibility to bring their needs to the attention of the nation. The Church's present investigation brings to bear those basic Christian principles of justice and compassion.

6. The Introduction goes on:

> "we have been confronted with the human consequences of (very high) unemployment ..... we have seen physical decay of housing ..... social disintegration is prevalent in some areas (leading to physical decay, crime, and frightened residents) ..... and there is a pervading sense of powerlessness, and despair. Though there are obvious variations from place to place the underlying factors are the same: unemployment, decayed housing, sub-standard educational and medical provision and social disintegration".
>
> "(the problems) may be described quite simply as "poverty". Poverty is at the root of powerlessness. Poor people are at the mercy of fragmented and apparently unresponsive public authorities. They are trapped in housing and in environments over which they have little control".

7. The introduction goes on to say that these problems can either be understood in the context of increasing inequality and that what the Commission have seen exceeds the limits of what would be thought acceptable degrees of inequality. Or it can be seen in terms of polarisation - the better-off in suburbia and the poor in the inner city. The poor in the inner city are cut off. In addition there is the North/South dimension.

"It is our considered view that the nation is confronted by a grave and fundamental injustice. The facts are fully recognised but the situation continues to deteriorate and requires urgent action."

8. The introduction ends by affirming the Commission's belief that they believe there is hope for the inner cities:

"we confidently assert that the planned resurgence of the British city is both possible and desirable in the immediate future."

THE STRUCTURE OF THE REPORT

9. The report has 14 chapters, together with an Introduction and Summary.

10. Chapter 1 sets the scene by specifying the "urban priority areas that the report is concerned with". There seems to be no essential difference between their urban priority areas (UPAs) and our inner city areas (as specified by the allocation of Urban Programme resources) except that the report makes some play not only with the inner city dimension but also with conditions in outer housing estates. There is a long discussion on how to measure/describe such areas' economic and social decline. This draws heavily on this Department's work on measuring deprivation for the purposes of allocating UP resources. The Commission also draws on other work to flesh out the picture. This chapter makes some play with the "strong thread of anti-urban sentiment which runs through British cultural history". It is acknowledged that the Church is not immune from the effects of such sentiment.

11. Chapter 2 discusses 3 questions: the Church is clearly present in the UPAs but is it seen as relevant? Through a survey of UPA clergy, how is the Church conducting itself?

What are the perceived problems of UPAs? And how does the Church deal with these? The Church's most enduring problem has been its relationship with the urban working-class. The Church of England has traditionally been middle-class in character and this is contrasted with Roman Catholicism and Welsh Non Conformity. For every one person who goes to Church in a UPA parish there are 99 who do not. The key problems in UPAs were identified by the Clergy as being burglary, vandalism, unemployment, marital breakdown, and other family problems. The role of other denominations is noted particularly the rise of the black Churches.

12. Chapter 3 is presented as a theological debate. How far should Christians become involved with practical social issues? Is the search for salvation essentially a private matter between the individual and his Maker or does it have an inescapable social context? Can the Church turn its back on the context of which people live their lives? In what sense is the Church relevant to the day to day problems of those who are unemployed living in run-down Council estates and what message should the Church convey? As the Chapter acknowledges the most extreme form of this debate is that between the Vatican and the Catholic priests in South America over the status and merits of Liberation Theology. In essence that debate is about how far the Church should involve itself directly with the aspirations of the very poor, aspirations which are in direct conflict with the thrust of Government policy. The conclusion is, though it is difficult to find, that the Church has to become involved in a direct way with current problems.

13. Chapter 4 sets the scene for the more detailed discussion in Chapters 5 - 7 on how the Church should organise itself to better address inner city problems. The key points rehearsed in Chapter 4 are that the Church needs to become local, outward looking and participating. It should have a clear ecumenical bias. It should be responsive to local cultures and livelihoods in its leadership, worship, and manner

of operating. The Church must avoid reflecting an inherited middle-class culture and draw on the gifts to be found in its neighbourhood.

14. Chapter 5 - Organising the Church - deals with deployment of Clergy, support for Clergy in UPAs, making the parish system more responsive by opening up opportunities to local people and ethnic minorities. It deals with the Church and racial discrimination within its own organisation and the scope for involving the Church in the voluntary sector.

15. Chapter 6 is about the training of Clergy and discusses the question - is the training offered by theological colleges relevant to the problems faced by Clergy in the inner cities? It makes proposals for development of the lay ministries as a means for the Church to participate more directly in tackling urban problems. It contrasts the traditional liturgy of the Church with the benefits of more informal and spontaneous acts of worship. It discusses how better to involve the Church in youth work.

16. Chapter 7 deals with Church buildings, how they should be shared with other denominations, with other faiths, and the handling of redundant churches. On this latter point the issue is whether redundant Churches should be sold to the highest bidder or whether there should be a bias towards community use. The Chapter also recognises the legal and theological difficulties of disposing of redundant Churches to other faiths. The Chapter also considers how resources available to the Church should be distributed. It also proposes that the Church should set up its own Urban Programme - the Church Urban Fund.

17. The remaining Chapters are each devoted to an aspect of public policy.

Chapter Eight - Urban Policy

1. The Chapter begins with the 1977 White Paper and comments that its analysis remains valid. "But the stark fact is that there has been no sustained effort to put those proposals into effect" (8.19).

2. The Chapter claims that the Urban Programme is inadequate, when set against cuts in RSG, and there has been no significant "bending of main programmes towards inner city areas" (8.18). Nevertheless the UP is "a splendid vehicle for trying out new ways of improving life in the inner cities" (8.65) and "we have been enormously impressed with the work local authorities and voluntary bodies have undertaken with help from the Urban Programme". The Chapter suggests various changes to the way the UP is run (8.65). It has some nice words for the UDCs (8.101).

3. The message of the first part of the Chapter is that there has been sustained inaction by the Government; inadequate response to the Scarman Report, neglect of outer estates, failure to skew RSG effectively, a 'lack of will on the part of central Government to support local government .....". There should be a better Partnership between central and local government (8.76). The Chapter reserves judgement on the CATs (8.73).

4. The Chapter goes on to debate whether measures should be directed at people or places and concludes that an approach should embrace both (8.28).

5. The public should be more closely involved in decision-making (8.74), and 'neighbourhood action' should be encouraged (8.84).

6. The importance of voluntary bodies is recognised (8.93) and the possibility is floated of giving them hypothecated RSG resources (8.95). The Chapter seems to suggest that voluntary organisations should have greater freedom to engage in political activity without fear of getting support withdrawn (8.96). The Chapter ends by claiming that "we have lost a decade (8.104) and that there should be a renewed public policy commitment to urban regeneration (8.104).

7. The Commission assert that nothing has been done for the inner cities in recent years. The Chapter ignores the substantial inner city public investment (£3bn on the UP/DLG/UDCs since 1979), an increased though now static UP, continued commitment to Partnership despite difficult local authorities, a range of measures to help industry, including the removal of obstacles to growth.

8. The Commission recommend unspecified and untargetted increases in UP, RSG, and voluntary grants which Ministers have made clear are not the answer.

9. The Report does stress the need for local people to be involved in decision-making but does not square this with its recommendations of greater municipal spending and local authority intervention (8.87). The Commission calls for visible improvements (8.29); this reflects the Government approach in, for example, Industrial Improvement Areas (IIAs)

Chapter 9

1. This Chapter deals with unemployment, new attitudes to work, and the role of the MSC. In a passage which may well be highlighted by the press it questions the morality of Government policy:

> "we wonder whether some politicians really understand the despair which has become so widespread in many areas of our country..... The national Church has a particular duty to act as the conscience of the nation. It must question all economic philosophies, not least though which, when put into practice, have contributed to the blighting of whole districts, which do not offer the hope of amelioration, and which perpetuate the human misery and despair to which we have referred. The situation requires the Church to question from its own particular stand-point the morality of these economic philosophies". (Para. 9.41.)

The essence of the objection to the morality of Government policies is that unemployment and poverty have been allowed to increase against a background of improved prosperity for those in work. Welfare and taxation policies have benefitted the rich at the expense of the poor who have borne the brunt of the recession. Those who see the poor as social security scroungers are "blaming the victims". Efficiency is being sought in an inhumane manner, without regard to the just distribution of created wealth: "too much emphasis is being given to individualism, and not enough to collective obligation". Macro economic policies are inflexible and dogmatic, and it is "unacceptable that the costs of transition should fall hardest on those least able to bear them". New jobs tend to be part-time and concentrated in the most favoured areas. It is unrealistic to assume that even the skilled and mobile residents of the inner cities can all "get on their bikes".

2. The Chapter does not mention, still less respond in detailto, the arguments and policies set out in the Government's White Paper "Employment: The Challenge for the Nation". Its figures on the rate of job creation are not up-to-date, there are no international comparisons, or analysis of the comparative performance of the UK economy and reasons for its long-term poor performance.

3. The policy recommendations include the establishment of an urban COSIRA, more job creating public expenditure, expansion of Community Programme to 500,000 places with more relaxed rules, better income support for those out of work for more than a year, increased child benefit, and a wide ranging independent review of the relationship between income support, pay and taxation.

Chapter 10

1. This deals with housing. The emphasis is again on corporate responsibility, and the squandering of human worth and talents of people who live in squalid and depressing conditions. "They are being denied the opportunity to fulfil their God-given potential." Freedom of choice at the centre of Government housing policy is described as a "cruel deception" for most low income inner city residents. They have no choice in where they live and no power to change their environment. Homelessness is blamed on the shortage of good quality secure homes to rent. Because of lack of resources local authorities have been forced to interpret the homelessness legislation in a very minimal way, offering only the most atrocious properties as a way of deterring demand. The DHSS is criticised for its restrictions on board and lodging payments. The isolated and environmentally depressing outer estates are described, and estimates of the high cost of correcting disrepair and design defects are given. The disadvantage of widows, middle aged single women, and blacks (who suffer from racial discimination) is singled out. The Report sees no future for the private rented sector. It concludes that a substantial proportion of the population will never be able to afford owner-occupation and that there is therefore a need for a well balanced stock for public sector renting. Council house sales are criticised for selling off the best. The use of construction as an economic regulator is condemned as inefficient and wasteful, the system of annual allocations is said to make stategic planning a nonsense. There is praise for the PEP approach, for decentralised repairs and services, and for the NACRO safe neighbourhood projects.

2. In a discussion of housing finance mortgage income tax relief is criticised as inefficient, regressive and wasteful. It is inequitable to disregard it while cutting housing benefits. An independent review of the system, with the aim of giving most help to those most in need is recommended.

3. There is a discussion of the Church Commissioners' Property Interests with a recommendation that it should be developed through none-profit making housing associations rather than as part of an investment portfolio. The main recommendations of the chapter include more public expenditure (unquantified) on house-building and repair, an extension of the homelessness legislation, and ethnic monitoring of public housing allocations.

Chapter 11

1. This Chapter on health attributes higher rates of death, illness, admissions to psychiatric hospitals, suicides and accidents in the UPAs to social deprivation, and in particular unemployment. The RAWP formula is said to give insufficent weight to multiple deprivation, and resources in many UPAs are not keeping pace with needs. Pressures on inner city GPs community nursing, and health visitors are discussed, and the problems of health care of ethnic minorities. The chapter concludes that the Church needs to promote a broader understanding of health. Health in urban priority areas must be promoted by a sustained attack on poverty and unemployment, and by new initiatives on health education, and neighbourhood support groups.

Chapter 12

1. This Chapter is about social care and community work. The relatively poor level of family and informal support in urban priority areas is noted, and the consequent burden on social service departments and voluntary organisations. There is a discussion of the Church's social work and a distinction is drawn between social services (the delivery of services to people) and community work, which seeks to involve people in purposeful action to change their situation. The case is put for more resources to be devoted to community work by local authorities.

Chapter 13 - Education and Young People

1. The Commission singles out youth unemployment as the 'biggest single problem facing most schools today'. The lack of job opportunities leads to poor motivation, increasing irrelevance of examinations and growing discipline problems. (13.9). "..... many pupils in Urban Priority Areas have reached the view that employment will never be a possibility for them (13.11).

2. The Commission call for "affirmative action" (13.68) in urban areas involving pre-school intervention, ethnic disadvantage (13.51) (13.70), the overcoming of sex stereotyping (13.72) and the greater involvement of the community in schools (13.75). They question the relevance of current examination curricula (13.13), and training (13.15) to the needs of inner city youth. The Commission consider that urban children are at a particular disadvantage in further education (13.19).

3. Much of the Chapter is taken up with a discussion of the Church's role in religious education and, more generally, in supporting local schools. Stress is laid on the need for Church schools to recognise the multi-cultural nature of the inner cities.

4. Again, the message is that more resources are needed (13.17) to arrest the 'progressively deteriorating environment for teachers and their pupils' (13.18). The Commission claim that the introduction of rate-capping may well put the quality of education in certain urban priority areas at further risk.

Chapter 14

1. This deals with order and law, the sequence is significant because the Commission place more emphasis on the restoration of moral order, than on the size of the law enforcement effort. They suggest that more intensive policing may be counter-productive, and that the prison population should not be increased. If the problems of the UPAs were tackled, they predict that crime would fall. The report quotes from the British Crime Survey to show that exposure to crime is highest in inner city areas, and fear of crime greatest. The usual links between vandalism and environmental neglect, and between family breakdown and criminal behaviour are traced. Complaints about racially prejudiced policing are mentioned, with support for the efforts police forces are making to overcome the problems. Government law making is criticised as giving rise to a feeling by some that the law does nothing to protect their rights to decent housing and employment. The DOE/Home Office joint circular on Crime Prevention is quoted with approval, except for the passage which says that its recommendations imply no net increase in expenditure. This is said to be unrealistic. Initiatives by NACRO and the Probation Service funded through the Urban Programme are also approved. The development of victim support schemes and reparation, conciliation and mediation projects is encouraged. Law Centres are praised, and the recommendations of the Royal Commission on Legal Services on their funding are supported. The chapter notes the different constitutional arrangements for the Metropolitan Police, and recommends that a Police Liaison Committee for Greater London should be set up.

B

GOVERNMENT SUPPORT FOR URBAN AREAS

			% Real terms increase
URBAN PROGRAMME	1978/79 : £93m	1985/86 : £338m	doubled
DERELICT LAND GRANT	1979/80 : £23.5m	1985/86 : £82m	doubled
UDCs	1981/82 : £38m	1985/86 : £86m	
SUPPORT FOR VOLUNTARY SECTOR (all areas)	1979/80 : £128m	1984/85 : £640m	trebled
including MSC	1979/80 : £30.5m**	1984/85 : £388m	fivefold
HOUSING IMPROVEMENT GRANTS	1979/80 : £90m (1983/84 : £900m)	1985/86: £500m	trebled

BUT HOUSING INVESTMENT PROGRAMME allocations overall down 19% in real terms 1979/80 - 1985/86
cf reduction 1974/9 of 46%

S11, LOCAL GOVERNMENT ACT 1966 (supports local authority staff costs on posts dealing with the special needs of Commonwealth immigrants)	1979/80 : £35m	1985/86 : £95m	doubled

*RATE SUPPORT GRANT

	1981/82	1985/86	% change in cash
Before holdback	1691	1769	+4.6
After holdback	1662	1538	-7.5

*Partnership and Programme authorities
**includes STEP and YOP but predates YTS

MEMBERS OF THE COMMISSION

A list of members of the Commission is attached. Of the 18 members 7 were clergy 3 sociologists (!), 2 voluntary officials, 4 teachers and academics, 1 trade unionist and 1 businessman.

The following should be noted:

a. O'Brien, Sheppard, Halsey and Pahl are well known for their corporatist, welfare state, Keynesian views - the Report therefore is hardly surprising.

b. The Church of England is a national institution, and yet the composition of the Commission hardly reflects the views of the nation or of active members of the Church itself. Why this omission?

c. The Secretary of the Report was seconded from the DoE for 2 years, and received promotion while writing this critique of the Government; and John Chilvers was seconded from the Bank of England to assist on finance and staffing!

MEMBERS OF THE COMMISSION

Sir Richard O'Brien (*Chairman*)

The Right Reverend David Sheppard
(Bishop of Liverpool)

The Right Reverend Wilfred Wood
(Bishop of Croydon)

The Reverend Alan Billings
(Vicar of St Mary's, Walkley, Sheffield and Deputy Leader, Sheffield City Council)

David Booth
(Executive Director, BICC plc)

John Burn
(Headmaster of Longbenton High School, North Tyneside)

The Reverend Andrew Hake
(Social Development Officer, Borough of Thamesdown)

Professor A.H. Halsey
(Director of Barnett House and Fellow of Nuffield College, Oxford)

The Reverend Dr Anthony Harvey
(Canon of Westminster)

Ron Keating
(Assistant General Secretary, National Union of Public Employees)

Ruth McCurry
(Teacher in Hackney; Clergy wife)

Professor R.E. Pahl
(Research Professor in Sociology, University of Kent at Canterbury)

Professor John F. Pickering
(Professor of Industrial Economics, University of Manchester Institute of Science and Technology)

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Robina Rafferty
(Assistant Director, Catholic Housing Aid Society)

The Reverend Mano Rumalshah
(Priest-in-charge, St George's, Southall)

Linbert Spencer
(Chief Executive, Project Fullemploy)

Mary Sugden
(Principal, National Institute for Social Work)

The Reverend Barry Thorley
(Vicar of St Matthew's, Brixton)

Resource Bodies and Advisers

The Boards and Councils of the General Synod
(represented by the Reverend Prebendary John Gladwin)

Christian Action
(represented by the Reverend Canon Eric James)

The Evangelical Coalition for Urban Mission
(represented by Michael Eastman)

The William Temple Foundation
(represented by the Reverend Canon John Atherton)

John Chilvers

Graham Howes

Secretary

J.N. Pearson

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To the Church of England

1 A national system for designating UPA parishes should be developed (paragraph 5.9).

2 Dioceses should devote greater attention to the effective collection and presentation of accurate statistics (paragraph 5.16).

3 The internal distribution of clergy by dioceses should be adjusted where necessary to ensure that UPA parishes receive a fair share, and particular attention should be paid in this respect to parishes on large outer estates (paragraph 5.35).

4 Dioceses should explore the possibilities of fresh stipendiary lay ministries, not necessarily tied to one parish (paragraph 5.35).

5 The 'Audit for the Local Church' which we propose should be further developed, and adopted by local UPA Churches (paragraph 5.37).

6 In urban areas the deanery should have an important support and pastoral planning function (paragraph 5.41).

7 Each parish should review, preferably annually, what progress in co-operation has been made between clergy and laity, between Churches, and ecumenically, with the aim of developing partnership in ministry (paragraph 5.49).

8 Appointments should be made to the Boards and Councils of the General Synod, and a new Commission on Black Anglican Concerns established, to enable the Church to make a more effective response to racial discrimination and disadvantage, and to the alienation experienced by many black people in relation to the Church of England (paragraph 5.62).

9 The General Synod should consider how a more appropriate system of representation which pays due regard to minority interests can be

implemented for the Synod elections of 1990 (paragraph 5.74).

10 The appropriate Church voluntary bodies should consider how schemes for voluntary service in UPAs could be extended to widen the age range of those eligible, and to allow for part-time as well as full-time volunteering (paragraph 5.90).

11 Dioceses with significant concentrations of UPAs should initiate Church Leadership Development Programmes (paragraph 6.11).

12 Our proposals for an extension of Local Non-Stipendiary Ministry, including those relating to selection, training and funding should be tested in dioceses, and monitored over a ten-year period (paragraph 6.55).

13 All dioceses should manifest a commitment to post-ordination training and continued ministerial education in UPAs to the extent at least of regular day-release courses (paragraph 6.74).

14 Urgent attention should be given to appropriate training for teachers and supervisors in all areas of theological education, particularly those concerned with ministry in UPAs, and to the provision of theological and educational resources in urban centres (paragraph 6.77).

15 ACCM should be adequately funded to promote and monitor officially sanctioned experiments in theological education (paragraph 6.80).

16 ACCM should be given power, in certain defined cases, to direct candidates to specific courses of training, and bishops should endorse such direction (paragraph 6.81).

17 The role of non-residential training courses similar to the Aston Scheme should be further developed (paragraph 6.82).

18 Dioceses and deaneries should undertake a reappraisal of their support systems for UPA clergy (paragraph 6.97).

19 The Liturgical Commission should pay close attention to the liturgical needs of Churches in the urban priority areas (paragraph 6.110).

20 A reassessment of the traditional patterns of the Church's work of nurture of young people in UPAs is required at parish, deanery and diocesan level (paragraph 6.121).

21 Sharing agreements with other denominations should be [illegible]ted more widely, as should the informal sharing of church buildings (other than the church itself) with those of other faiths (paragraph 7.17).

22 In cases of the sale of redundant churches, there should be earlier and more open consultation with community organisations and bodies such as housing associations when future uses are being considered (paragraph 7.57).

23 The historic resources of the Church should be redistributed between dioceses to equalize the capital and income resources behind each clergyman, deaconess and licensed lay worker in the stipendiary ministry. The redistribution formula should take account of potential giving (paragraphs 7.77-7.80).

24 Within dioceses, the acute financial needs of the urban priority area Churches require a clear response (paragraph 7.81).

25 A Church Urban Fund should be established to strengthen the Church's presence and promote the Christian witness in the urban priority areas (paragraph 7.88).

26 The Church of England should continue to question the morality of economic policies in the light of their effects (paragraph 9.52).

27 Churches should take part in initiatives to engage unemployed people in UPAs in job-creating projects. The use of Church premises for this purpose must be encouraged (paragraph 9.112).

28 The Church should build on good practice in ministry to unemployed people: Industrial Mission has an important role to play here (paragraph 9.115).

29 We commend the use of properly-trained social workers working with local Churches and neighbourhood groups as an important part of the total ministry of the Church in the urban priority areas (paragraph 12.26).

30 Church social workers should be trained within the mainstream of social work, but with particular attention paid to the character and needs of social work in the church context. The Church should initiate discussion with social work training agencies to this end (paragraph 12.26).

31 Dioceses should, through their Boards for Social Responsibility, develop and support community work, and should exercise a strategic

role in support of local programmes in their urban priority areas (paragraph 12.53).

32 Discussions should be held between the General Synod Board for Social Responsibility and the British Council of Churches Community Work Advisory Committee with a view to strengthening the national support networks for community work. The Church of England should be prepared to devote central resources to this end (paragraph 12.54).

33 Additional Church-sponsored urban studies centres for teacher training should be established (paragraph 13.38).

34 All diocesan Boards and Councils of Education should give special priority to the needs of the UPA schools for which they are responsible (paragraph 13.91).

35 The governors and managers of Church schools should consider whether the composition of foundation governors in the school adequately reflects the ethnic constituency of its catchment area (paragraph 13.91).

36 Consideration should be given to a further exploration of the ecumenical dimension at secondary level, including the possibility of establishing Church of England/Roman Catholic schools in urban priority areas, which would offer a significant proportion of places to children of other faiths (paragraph 13.91).

37 A review of the Diocesan Education Committee measures should be undertaken, to allow the formulation of diocesan policies for Church schools on admission criteria and other issues, such as religious education and worship, equal opportunities and community education (paragraph 13.91).

38 The General Synod's Board of Education, in consultation with Diocesan Youth Officers, should move towards a national strategy for the Church's work with young people in UPAs, and initiate and support work specifically within these areas (paragraph 13.127).

To Government and Nation

1 A greater priority for the outer estates is called for within urban policy initiatives (paragraph 8.35).

2 The resources devoted to Rate Support Grant should be increased in real terms, and within the enhanced total a greater bias should be given

to the UPAs. Efficiency audits should be used to tackle wasteful expenditure (paragraph 8.55).

3 The size of the Urban Programme should be increased, and aspects of its operation reviewed (paragraph 8.67).

4 The concept of 'Partnership' in the urban priority areas should be developed by central and local government to promote greater consultation with, and participation by, local people at neighbourhood level (paragraph 8.76).

5 There should be a new deal between government and the voluntary sector, to provide long-term continuity and funding for recognized voluntary bodies working alongside statutory agencies (paragraphs 8.94-95).

6 A new impetus should be given to support for small firms in UPAs, perhaps by the establishment of a Council for Small Firms in Urban Areas (paragraph 9.56).

7 There should be additional job-creating public expenditure in the UPAs on capital and current account (paragraphs 9.62 and 9.64).

8 The Government should promote more open public discussion about the current levels of overtime working (paragraph 9.72).

9 The Community Programme eligibility rules and other constraints, including pay limits, should be relaxed, particularly to encourage greater participation by women and unemployed people with families to support (paragraphs 9.79 and 9.83).

10 The Community Programme should be expanded to provide 500,000 places (paragraph 9.80).

11 The Government should extend to those unemployed for more than a year eligibility for the long-term rate of Supplementary Benefit, or an equivalent enhanced rate of income support under whatever new arrangements may be introduced (paragraph 9.90).

12 The present level of Child Benefit should be increased as an effective means of assisting, without stigma, families in poverty (paragraph 9.91).

13 The present levels of 'earnings disregards' in relation to Unemployment Benefit and Supplementary Benefit should be increased to mitigate the effects of the poverty and unemployment traps (paragraph 9.91).

14 The Government should establish an independent enquiry to undertake a wide ranging review of the inter-relationship between income support, pay and the taxation system (paragraph 9.100).

15 Ethnic records should be kept and monitored by public housing authorities, as a step towards eliminating direct and indirect discrimination in housing allocation (paragraph 10.37).

16 An expanded public housing programme of new building and improvement is needed, particularly in the UPAs, to ensure a substantial supply of good quality rented accommodation for all who need it, including single people. Each local authority's housing stock should include a range of types of accommodation, including direct access emergency accommodation (paragraph 10.77).

17 The Housing (Homeless Persons) Act should be extended to cover all who are homeless. Homeless people should be offered a choice of accommodation (paragraph 10.78).

18 There should be further moves towards the decentralisation of local authority housing services (paragraph 10.85).

19 A major examination of the whole system of housing finance, including mortgage tax relief, is needed. It should have the objective of providing most help to those most in need (paragraph 10.98).

20 The concept of 'care in the community' for people who might otherwise be institutionalised must be supported by adequate resources to allow the provision of proper locally-based support services for people (especially women) caring for vulnerable and handicapped people (paragraph 12.26).

21 Local authorities in boroughs and districts which include urban priority areas should, with other agencies, develop policies to establish and sustain community work with adequate resources (paragraph 12.48).

22 The Recommendations of the Lord Chancellor's Committee on the funding of Law Centres should be implemented immediately (paragraph 14.53).

23 The Church, the Home Office and Chief Police Officers should give full support to the work of Police Advisory Committees, and a Police Liaison Committee for Greater London should be established (paragraph 14.63).

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Prime Minister
Good stuff.
DCS
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Secretary of State for the Environment

David Norgrove PS/PM

Liverpool

Attached is the extract from the SofS's speech in Bradford at lunchtime which deals with Liverpool, and which we have released to P.A.

Alan Davis
APS/Mr Baker
29/11/85

DRAFT

The people of Liverpool have been put through the wringer to satisfy the political vanity of a few self-seeking councillors. The Council has proved that today by setting a balanced budget as it could, and should, have done at the start of the financial year. The Government has not provided one penny of extra aid to help it to do so.

The deal which, ~~I understand,~~ the Council has agreed with its bankers was, I understand, available in the Summer, long before the redundancy notices were issued and the Council's services and support to the voluntary sector began to crumble. All the talk of staff going unpaid, of schools closing, of children, the elderly, the sick at risk with only a minimum of services, all that was completely unnecessary.

I hope that councillors all over the country have learnt the lesson. People should not be expected to, and will not, tolerate having their lives and futures hijacked in the interests of some crackpot dogma. These councillors have thrust upon Liverpudlians a programme of carefully constructed chaos and deliberately planned shambles. The Government will not be blackmailed by that kind of behaviour.

cc NLW

PART IV

CONCLUSION

AND

SUMMARY OF RECOMMENDATIONS

CHAPTER 15
CONCLUSION

"We have found faith in the city" (The Commission)

15.1 Chapter after chapter of our Report tells the same story: that a growing number of people are excluded by poverty or powerlessness from sharing in the common life of our nation. A substantial minority - perhaps as many as one person in every four or five across the nation, and a much higher proportion in the UPAs - are forced to live on the margins of poverty or below the threshold of an acceptable standard of living.

15.2 The present acute situation of our nation's Urban Priority Areas demands an urgent response from the Church and from government.

15.3 The Archbishops' Commission on "Church and State" concluded its report in 1970:

> "The Church should concern itself first, and indeed second, with the poor and needy, whether in spirit or in body."

15.4 We echo these words. The Church cannot supplant the market or the state. It can, as we recommend, mobilize its own resources in a way that accords high priority to the poor. It must by its example and its exertions proclaim the ethic of altruism against egotism, of community against self-seeking, and of charity against greed.

15.5 But we are conscious that we have only scratched the surface of some of the major concerns to have emerged from our work. To draw out the implications of some of these, such as the Church's response to the

prospect of persistent long-term unemployment, will require more time and resources than have been available to us. There must also be a major national debate on the future of our cities, in which the Church must play a full part.

15.6 Perhaps the most important wider question concerns the structure of our society. One submission to us put it bluntly: "The exclusion of the poor is pervasive and not accidental. It is organized and imposed by powerful institutions which represent the rest of us." The critical issue to be faced is whether there is any serious political will to set in motion a process which will enable those who are at present in poverty and powerless to rejoin the life of the nation.

15.7 Here is a challenge indeed. It will call among other things for a clear resolve on the part of the Church and government to have faith in the city. We take courage from three realities which are evident to us.

15.8 The first is that changes on a global scale are already upon us, as the era known as industrial society gives place to something new. The industrial city is one of the focal points of that change. In almost every sphere of life and in a brief span of time the future is being shaped by action or by default. The very assumptions of our culture are now open to debate in new ways. We do not pretend to discern clearly what is to come. We present no comprehensive political or economic analysis. That task goes beyond this Commission. At this time of immense opportunity what we can do is to pledge ourselves as citizens to do our best to engage in the daily moral confrontations of public life and personal relations.

15.9 The second evident reality is the experience of justice, love and hope in human history, focused most clearly for us in our our religious tradition. We know that there is a transforming power present in human affairs which can resolve apparently intractable situations and can bring new life into the darkest places. If, as we dare to affirm, the true nature of human life is to be discerned in the life of Jesus Christ, we can take heart and pledge ourselves to a deeper commitment to create a society in which benefits and burdens are shared in a more equitable way. Any attempt to base a society or culture upon other foundations carries with it, we believe, its own nemesis of suffering, bitterness and social disintegration.

15.10 But - and this is our third evident reality - somewhere along the road which we have travelled in the past two years each of us has faced a personal challenge to our lives and life styles: a call to change our thinking and action in such a way as to help us to stand more closely alongside the risen Christ with those who are poor and powerless. We have found faith in the city.

SUMMARY OF MAIN RECOMMENDATIONS

TO THE CHURCH OF ENGLAND

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2 Dioceses should devote greater attention to the effective collection and presentation of accurate statistics. (para 5.16)

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All Diocesan Boards and Councils of Education should give special priority to the needs of the UPA schools for which they are responsible. (para 13.91)

35 The governors and managers of Church schools should consider whether composition of foundation governors in the school adequately reflects the ethnic constituency of its catchment area. (para 13.91)

36 Consideration should be given to a further exploration of the ecumenical dimension at secondary level, including the possibility of establishing Church of England/Roman Catholic schools in urban priority areas, which would offer a significant proportion of places to children of other faiths. (para 13.91)

37 A review of the Diocesan Education Committee measures should be undertaken, to allow the formulation of Diocesan policies for Church Schools on admission criteria and other issues, such as religious education and worship, equal opportunities and community education. (para 13.91)

38 The General Synod's Board of Education, in consultation with Diocesan Youth Officers, should move towards a national strategy for the church's work with young people in UPAs, and initiate and support work specifically within these areas. (para 13.127)

1 A greater priority for the outer estates is called for within urban policy initiatives. (para 8.35)

2 The resources devoted to Rate Support Grant should be increased in real terms, and within the enhanced total a greater bias should be given to the UPAs. Efficiency audits should be used to tackle wasteful expenditure. (para 8.55)

3 The size of the Urban Programme should be increased, and aspects of its operation reviewed. (para 8.67)

4 The concept of "Partnership" in the urban priority areas should be developed by central and local government to promote greater consultation with, and participation by, local people at neighbourhood level. (para 8.76)

5 There should be a new deal between government and the voluntary sector, to provide long-term continuity and funding for recognized voluntary bodies working alongside statutory agencies. (paras 8.94-95)

6 A new impetus should be given to support for small firms in UPAs, perhaps by the establishment of a Council for Small Firms in Urban Areas. (para 9.56)

7 There should be additional job-creating public expenditure in the UPAs on capital and current account. (paras 9.62 and 9.64)

8 The Government should promote more open public discussion about the current levels of overtime working. (para 9.72)

9 The Community Programme eligibility rules and other constraints, including pay limits, should be relaxed particularly to encourage greater participation by women and unemployed people with families to support. (paras 9.79 and 9.83)

10 The Community Programme should be expanded to provide 500,000 places. (para 9.80)

11 The Government should extend to those unemployed for more than a year eligibility for the long-term rate of Supplementary Benefit, or an equivalent enhanced rate of income support under whatever new arrangements may be introduced. (para 9.90)

No the opposite

12 The present level of Child Benefit should be increased as an effective means of assisting, without stigma, families in poverty. (para 9.91)

13 The present level of "earnings disregards" in relation to Unemployment Benefit and Supplementary Benefit should be increased to mitigate the effects of the poverty and unemployment traps. (para 9.91)

14 The Government should establish an independent enquiry to undertake a wide ranging review of the inter-relationship between income support, pay and the taxation system. (para 9.100)

15 An expanded public housing programme of new building and improvement is needed, particularly in the UPAs, to ensure a substantial supply of good quality rented accommodation for all who need it, including single people. Each local authority's housing stock should include a range of types of accommodation, including direct access emergency accommodation. (para 10.77)

16 The Housing (Homeless Persons) Act should be extended to cover all who are homeless. Homeless people should be offered a choice of accommodation. (para 10.78)

17 There should be further moves towards the decentralisation of local authority housing services. (para 10.85)

18 A major examination of the whole system of housing finance, including mortgage tax relief, is needed. It should have to objective of providing most help to those most in need. (para 10.98)

19 Ethnic records should be kept and monitored by public housing authorities, as a step towards eliminating direct and indirect discrimination in housing allocations. (para 10.37)

20 The concept of "care in the community" for people who might otherwise be institutionalised must be supported by adequate resources to allow the provision of proper locally-based support services for people (especially women) caring for vulnerable and handicapped people. (para 12.26)

21 Local authorities in boroughs which include urban priority areas should, with other agencies, develop policies to establish and sustain community work with adequate resources. (para 12.48)

22 The Recommendations of the Lord Chancellor's Committee on the funding of Law Centres should be implemented immediately. (para 14.53)

23 The Church, the Home Office and Chief Police Officers should give full support to the work of Police Advisory Committees, and a Police Liaison Committee for Greater London should be established. (para 14.63)

file

BCh

10 DOWNING STREET

THE PRIME MINISTER

29 November 1985

C/F
Do you want me to keep these?
(Liverpool meeting follow-up)
2/12

My dear Archbishop,

Thank you for sending me a copy of your Commission's report on Urban Priority Areas - and for your personal note. I shall read the report with interest.

Yours sincerely

Margaret Thatcher

His Grace The Lord Archbishop of Canterbury

Bay

10 DOWNING STREET

From the Press Secretary

LORD PRESIDENT

NOTE FOR THE RECORD

CHURCH COMMISSION REPORT ON URBAN DEPRIVATION

This note records the outcome of a meeting with officials held today by the Secretary of State for the Environment, accompanied by John Patten and Sir George Young, on the above publication.

It was stated that the report was now due for publication at 21.00 hours - ie for the BBC's 9pm news - on Tuesday, December 3, presumably with embargoed copies available up to 24 hours before.

It was decided:

- Department of the Environment should take the lead because the report concentrated on its policies

- no attempt should be made to pre-empt the report this weekend; this, it was agreed, was a difficult judgement to make but on balance it was felt that a preemptive strike could draw more attention to the report than it would otherwise get

- if, however, the report was leaked or trailed this weekend, Mr Baker and his Ministers would be ready to deal with points arising on radio and television

- Ministers should be available in the course of Tuesday to respond in and on the media; but it was important to try to avoid getting into a Church v. Government row while at the same time making the most of the Government's case

- officials should sharpen up draft briefing and prepare a speaking note to be available to Backbenchers in the Whips' Office at the time of publication. (I indicated that the Lord President would like copies before his Liaison Committee on Tuesday morning (9.45).

- this note should rehearse all that the Government was already doing for areas of urban deprivation

- every effort would be made to brief Backbenchers in the major urban areas so that they could respond positively in and on their local media on Tuesday evening and subsequently

- leader writers on the Sun, Express, Mail and Times would be briefed on Tuesday

- consideration would be given to Ministers seeing the Archbishop after plublication

- efforts would be made to arrange for a leading theologian to analyse the report in a crtitical way in The Times after publication

The meeting felt it likely that the main point of media stories would be the criticism in Chapter 9 of the report on the morality of Government policy in relation to under privileged areas. Briefing would need to meet the report's moral case against the Government.

BERNARD INGHAM
28 November 1985

10 DOWNING STREET

THE PRIME MINISTER

Please retype.

Thank you for writing to me about the publication of the report of the Archbishop of Canterbury's Commission on Urban Priority Areas. I shall of course read it with great interest.

~~The problems in our inner cities are I know a matter of~~ great concern to you, as they are to me. ~~The Church is~~ already playing a practical role in working to overcome them, and I hope the publication of the report will give that work added force, as well as pointing up issues for public policy.

I don't think the Church will do. I believe the report is highly critical of Government policy.

The Right Reverend the Bishop of Liverpool

010

SECRETARY OF STATE FOR THE ENVIRONMENT

CC BS

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

Prime Minister 4

An encouraging story.

ARN 28/11

27 November 1985

Dear Douglas,

I hope the other 100 places can be found with the Home Office pot

INNER CITY YOUTH: LEADERSHIP TRAINING

Operation Raleigh, a charity largely funded by private money and run by Colonel John Blashford-Snell, takes some 600 young people from Britain each year - and a similar number from the USA and Australia - for three month leadership training courses in South America. The courses are based on a former Hull trawler which was converted for its present use by YTS trainees with Urban Programme support for the capital costs. The ship is moored in Chile and youngsters undertake expeditions from it into the South American jungle during their courses.

The courses cost around £3,000 per youngster. The charity normally expects each youngster to raise £1,000 him or herself, and this is matched by £500 from the relevant local authority and £1,500 from the charity. Not surprisingly the charity has no difficulty in recruiting participants from public and grammar schools, but finds it much more difficult to attract the kind of alienated inner city youngsters for whom both I and the organisers believe it has most to offer. And such youngsters have great difficulty in raising £1,000 themselves.

Where it has succeeded in attracting inner city youngsters John Blashford-Snell tells me that it has achieved some remarkable successes. For example one black youngster from Birmingham who had never worked before going on a course is now employed as a youth worker by the City Council. Because of his origins he is able to reach the alienated black youngsters about whom we are so concerned. A white Birmingham punk rocker is also holding down a job as a youth worker after returning from a course, dealing with another group whom it is difficult to reach. A Blackburn youngster returned from his course and has established his own organisation which will take unemployed youngsters on a similar expedition to Morocco next year.

Operation Raleigh carried out a selection exercise in Toxteth last weekend, in which 30 Toxteth youngsters were put through an intensive 24 hour endurance test. That in itself is a useful character-building exercise - some of the youngsters on it admitted that they had previously only stayed up all night at discos.

These examples show that Operation Raleigh is succeeding in

identifying and motivating leaders from among the inner city youngsters. John Blashford-Snell is also involved in the Drake Fellowship, which takes around 1,000 of the most difficult youngsters, such as those who have attempted suicide or have criminal records, away on 7-10 day endurance exercises in places like Snowdonia.

It seems to me that before we embark on any "grand strategies" for dealing with the problems of Inner City Youth we must recognise that it is practical schemes of this sort, aimed at developing the leadership potential of inner city youths, which are most likely to help.

John Blashford-Snell tells me that Operation Raleigh has space for 200 more youngsters to be trained in the next year. He could fill those places with public schoolboys or let the Americans and Australians fill them, but he wants to use them to help inner city youngsters. The Charity does not have the resources to pay for these extra places.

I am sure that we should seize this opportunity. I can find money from the Urban Programme for 100 inner city youngsters (£300,000), from areas where the authorities are willing to provide their 25% of the cost. Is there any way in which you can help fund the other 100 places available?

I understand that John Blashford-Snell has already spoken to David Trippier about the project, so I am copying this letter to him and David Young with a similar request, and also to the Prime Minister, Willie Whitelaw, Keith Joseph and Sir Robert Armstrong because of the importance that I attach to this initiative in the more general inner city context.

Yours ever

Kenneth

KENNETH BAKER

The Rt Hon Douglas Hurd MP

Lambeth Palace London SE1 7JU

November 27th

My dear Prime Minister,

I add this personal note to the package which is being sent to members of the Cabinet and a good number of members of Parliaments and other figures in national life.

I hope you will have time to read some of the Report and particularly the theological chapter III which presents a justification for a Church voice in discussions about Urban Priority Areas.

It is not, of course, a comfortable read for Archbishops or for Prime Ministers! However, despite some reservations

which I have sent certain sections. I believe the contents have real authority and deserve to be taken seriously by all who are concerned for the future life and health of our cities.

I am glad that it is a unanimous report — not easy to hold together cool Oxford Professors and black community leaders at the angry end.

The greater demands for change are addressed to the church and we shall be creating the machinery for consultation and coordination between our decision making bodies in the coming months.

May I say how greatly the Commission has been helped by secondment and support from the D.o.E.

With Best Wishes,

Yours very sincerely

Robert Runcie.

CC BG

CONFIDENTIAL

HOUSE OF LORDS,
SW1A 0PW

NBPM

26 November 1985

My dear Douglas,

INNER CITY YOUTH

I was interested to read your memorandum of 23rd October to the Prime Minister, with its suggestion for special agencies to channel funds into projects in inner cities directed at the immediate personal needs of the community, as distinct from improvements in infrastructure and the physical environment. My direct Ministerial insterest in this is, of course, fairly limited except in so far as improvements to the social fabric might lessen the enormous burdens being placed on the courts in major population centres.

At this preliminary stage, I would however suggest that in considering the possible ambit of the sort of bodies which you appear to have in mind, you and Colleagues might care to include the provision of legal advice in deprived areas by law centres and also by other agencies including CABx. As I (and Colleagues) have made clear before, law centres are essentially locally-based agencies established by local initiatives to meet local needs. It remains my view that it is not appropriate for them to be directly managed, and in receipt of direct funding, by central Government (and I long for the day when an alternative source can be found to provide funds for the few centres which my Department supports at present) but they do, in most cases, provide a valuable service to the less fortunate, mainly in deprived areas, on matters such as housing and welfare rights where private practitioners are in short supply.

Law Centres cannot be a panacea and are not a substitute for ordinary legal aid or legal advice and assistance, but they probably have a positive role to play in helping to alleviate some of the problems of deprivation and in enforcing legal rights. The reluctance of some local authorities to support law centres - or at least to meet their full cost - has been one of the major causes of uncertainty over funding in some

...areas.

The Right Honourable
Douglas Hurd, MP,
Secretary of State for
the Home Department,
Home Office,
Queen Anne's Gate,
London, SW1H 9AT.

CONFIDENTIAL

areas. The establishment of bodies, separate from local government, in some inner city areas could provide the independent source of funds which such centres have been seeking.

Hence my suggestion that, in considering the projects which might be funded by the bodies you have in mind, Colleagues might do well to include law centres and other legal advice agencies. I regard them as having a potentially beneficial role to play in assisting inhabitants of some inner city areas towards a better understanding of their rights and of the benefits which might be available to them. And the better provision of services of this kind might well serve to temper the feeling of alienation on the part of certain sections of these communities.

More immediately, even without major institutional changes in the arrangements for the funding of inner city programmes, we should perhaps be prepared, at the very least, to maintain the existing Urban Programme commitment to law centres and indeed if possible to enhance it. There is certainly potential here for encouraging confidence in the legal process, as a means of promoting greater obedience to the law and the orderly resolution of disputes.

I am copying this letter to the other members of the Cabinet, the Chief Whip and Sir Robert Armstrong.

Yrs:

~~Ind Pol~~

REGIONAL POLICY

Pt 7 Inner cities

Bishop's Lodge Woolton Park Woolton Liverpool L25 6DT
Telephone 051-428 6900

25 November 1985

R26.

Dear Prime Minister,

You may remember that, following our prior visit to you at Number Ten nearly two years ago, I wrote to you with an account of the public meeting in Kirkby, when the Archbishop of Canterbury's Commission on Urban Priority Areas visited Merseyside. You kindly wrote back in your own hand, expressing your great concern about the effect of long term unemployment on families and individuals in places like Kirkby. You wrote, "we will think again".

The Commission has now completed its two years' work, and its Report Faith in the City will be published next week. I wanted to share with you my conviction that the Report is a very thorough piece of work; I have been very impressed by the level of commitment of many members of the Commission and of those who did serious pieces of work we

commissioned. We made a substantial number of visits; we have done a lot of listening. Many submissions were made to us. Between us we already shared considerable experience of Urban Priority Areas.

There is a great deal of detailed analysis and recommendation for the Church. And we have raised public policy questions about the confusing and interlocking factors, which make urban life what it is.

I hope and pray that at this time, when there is so much concern about the quality of life both in inner cities and other Urban Priority Areas, the government may regard this Report as a constructive view, and that it may be of lasting value.

With my best wishes

Yours sincerely

Stuart Liverpool

DSG (RAMADU)

File

bc: Brian Griffiths

10 DOWNING STREET

From the Private Secretary

22 November 1985

INNER CITIES

In a brief discussion today with the Secretary of State for Employment, the Prime Minister drew attention to the publication scheduled for 4 December of a report commissioned by the Archbishop of Canterbury about the inner cities. The Prime Minister suggested that it would be useful for your Secretary of State to consider with the Secretary of State for Employment how the Government should react to this. You may also think it useful to involve Professor Brian Griffiths in this work.

I am copying this letter to Joan MacNaughton (Lord President's Office), Leigh Lewis (Department of Employment), Richard Broadbent (Chief Secretary's Office, HM Treasury), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office) and Murdo Maclean (Chief Whip's Office).

David Norgrove

Robin Young, Esq.,
Department of the Environment.

CONFIDENTIAL

CCBG

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon John MacGregor OBE MP
Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

22 November 1985

NBPM.

Dear Chief Secretary,

CANARY WHARF: DOCKLANDS LIGHT RAILWAY

In my letter to you of 14 November I reported the proposal of the Consortium led by Mr Travelstead to extend the Docklands Light Railway to the Bank. You agreed that I should seek to negotiate with the Consortium commitments acceptable to LRT to deposit the necessary Private Bill.

I have engaged Hill Samuel to advise me and LRT. LRT are being advised by Freshfields. After a week of intensive discussions between the parties involved a proposal has emerged which I believe will meet our requirments. It involves a draft Memorandum of Understanding between LRT and the Consortium. I attach a copy of the draft of this document, which has been put to Mr Travelstead. LRT will of course require my approval to sign the Document.

The Memorandum commits the Consortium, unless another buyer can be found, to take over the ownership and operation of the initial railway; to finance the construction of the Bank extension; and subsequently own and operate the combined railway. These commitments would be subject to:

a. agreement between LRT and the Consortium as to a feasible design for the Bank extension;

b. the passage of the Bill, which could not be expected to receive Royal Assent until November 1986 at the earliest;

c. the completion of a Master Building Agreement between LDDC and the Consortium with respect to the Canary Wharf Development, following Royal Assent to the Railway Bill.

As regards a. above, the design of the Bank extension has been worked up in sufficient detail for the deposit of a Bill. However

CONFIDENTIAL

it remains to be decided whether all the features of the extension included in the Bill are essential. In particular, it may turn out that building an interchange at Tower Hill is not needed for Mr Travelstead's purposes, but LRT may consider it essential at some stage because of capacity constraints at their Bank station.

The draft Memorandum safeguards the Government's position in that:

a. it ensures that the Initial Railway is completed and that its ownership will revert to LRT if for any reason the westward extension fails to be built.

b. it will provide for the Government to be remunerated if ever the completed railway were to make sufficient profits.

c. it leaves LRT responsible for the existing contract in respect of the initial railway, and for negotiating any necessary changes to it in respect of the Bank extension, while protecting us and LRT from the financial consequences of such changes.

d. it secures that the private owner cannot convert the railway company to other purposes.

There is still a long way to go for Mr Travelstead. He has to agree the scheme with LRT. Waiting for Royal Assent to this Bill, which has to go through lengthy private Bill procedures, imposes a longer delay to his plans for Canary Wharf than he had bargained for. But I regard the agreement reached as a very satisfactory outcome at this stage.

I would be glad to know that you agree that on these terms I can allow LRT to deposit the Bill on Wednesday next. They must make this date, or lose the Bill for this session.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, John Biffen, Norman Tebbit, David Young, Kenneth Baker, and John Wakeham, and to Sir Robert Armstrong.

Yours,

Richard Allan.

(Private Secretary)

for NICHOLAS RIDLEY

(approved by the Secretary of State & signed in his absence).

[London Regional Transport letterhead]

[Date]

To: Credit Suisse First Boston Limited
Morgan Stanley International
First Boston International Limited

Dear Sirs

Docklands Light Railway

Prior to the proposed deposit of the enabling bill (the "Bill") in respect of the City extension of the Docklands Light Railway (the "City Extension") on 27 November, the agreement of your companies is required to certain commitments which are set out in this letter.

The commitments are sought on the basis of procedure set out in the attached paper (with such changes or amendments as may be agreed between the parties with the approval of the Secretary of State). Your undertaking to perform these commitments is subject to:

(a) the Consortium (as defined in the attached paper) and London Regional Transport agreeing to a feasible and costed design for the City Extension not later than 14 February 1986; and

(b) the enactment of the Bill and the execution by the Consortium with London Docklands Development Corporation of the master building agreement for the Canary Wharf Development within 15 days of the enactment of the Bill or such later date as may be agreed.

The enactment of the Bill is subject to the due processes of Parliament and therefore cannot be reliably predicted at this time. You should therefore seek your own advice on the timetable for the Bill.

Subject to the above conditions, you will or will procure that the Consortium will:

(1) pay up in full, no later than the date on which the Railway Inspectorate certifies the City Extension, the £30,000,000 of deferred share capital of Company B;

(2) tender for Company B at a minimum price of £1 and acquire Company B if the tender is acceptable to the Secretary of State;

(3) following any such acquisition, capitalise Company B by way of equity and loans, as appropriate, to enable the construction costs of the City Extension to be funded;

(4) following any such acquisition, procure that Company B will perform its obligations envisaged in the attached paper and in particular that Company B will complete the City Extension.

Please sign and return the enclosed copy of this letter to confirm your agreement to this letter.

Yours faithfully,

.....

[on copy]

....

Credit Suisse First Boston Limited Morgan Stanley International

.....

First Boston International Limited

Procedure for constructing the City extension of and privatising the Docklands Light Railway

A 5 stage procedure is proposed for the construction of the City extension of the Docklands Light Railway ("City Extension") and the associated privatisation of the section of the Docklands Light Railway presently under construction ("Initial Railway").

Stage 1

London Regional Transport ("LRT") would form a wholly owned subsidiary ("Company A") to own and operate the Initial Railway. Company A would have nominal ordinary share capital, deferred share capital and a Redeemable Special Rights Preference Share. The deferred share capital would be non-voting, would have a nominal value of £77,000,000, would be held by LRT and would be redeemable in the circumstances described below. The Redeemable Special Rights Preference Share would be held by the Secretary of State for Transport and included amongst the rights attached to the Redeemable Special Rights Preference Share would be rights which would enable the Department to prevent certain changes to Company A's memorandum and articles of association and to implement the restrictions referred to in Stage 3 below.

Company A would contract with LRT for LRT to build the Initial Railway at a fixed price of £77,000,000. LRT would invoice Company A, but those invoices would be settled out of capital payments made for the deferred shares.

Company A would own and operate the Initial Railway.

Stage 2

On enactment of the London Docklands Railway (City Extension) Bill (the "Bill"), a second subsidiary of LRT would be formed ("Company B").

Stage 3

Subsequent to the acquisition by Company B of Company A, LRT would retain an option to reacquire Company A for £1 from Company B if either the City Extension was not certified by the Railway Inspectorate by 31 December 1988 (or such later date as may be agreed) or Company A was in breach of any of the provisions of its memorandum and articles of association prior to such date. The Secretary of State for Transport would be entitled at the request of LRT to enforce the operation of LRT's option by exercise of his rights under the Redeemable Special Rights Preference Share. In addition, until the expiry of LRT's option, certain of the powers of Company A and its directors would be restricted under the memorandum and articles (for example prohibitions on the power to borrow) so as to protect LRT's rights if its option became exercisable.

Stage 4

LRT would prior to enactment of the Bill invite tenders for the ordinary share capital of Company B and would enter into an agreement with the purchaser within 15 days of enactment. The Consortium would be under an obligation to tender at a minimum price of £1 and would have the opportunity to match any other offer acceptable, with the consent of the Secretary of State, to LRT. Following a sale, Company B would then proceed to construct the City Extension.

Stage 5

It is intended that the deferred share capital would be redeemed and the holders would be entitled to participate further in Company B's profitability as may be agreed, with the approval of the Secretary of State, between LRT and the owners of Company B.

Company B would also have nominal ordinary share capital, deferred non-voting share capital and a Redeemable Special Rights Preference Share. The deferred share capital would have a nominal value of £30,000,000, which would be redeemable in the circumstances described in Stage 5 below. The Redeemable Special Rights Preference Share would be held by the Secretary of State for Transport and would have similar rights as the comparable share in Company A to secure the fulfilment of any statutory duties imposed by the Bill which will be incorporated in the memorandum and articles of association.

Company B would have, on incorporation, the following rights:-

(i) to build and operate the City Extension, and contract for any related upgrading of the Initial Railway in consultation with LRT;

(ii) to connect the City Extension with the Initial Railway;

(iii) to receive, on appropriate certification of the City Extension by the Railway Inspectorate, the sum of £30,000,000 from the investors in the Canary Wharf, Isle of Dogs development (the "Consortium"), which would be applied in paying up in full the deferred share capital of Company B;

(iv) to acquire the ordinary share capital of Company A for £1 no later than completion of the construction of the Initial Railway or, if later, the enactment of the Bill. LRT would hold a corresponding put option.

Company B would have the obligation to fund by way of subvention any negative cash flow incurred by Company A on its operations both prior to its acquisition by Company B and thereafter; it would have the benefit of any positive cash flow. The mode of operation of the Initial Railway would be a matter for consultation between Company A and the proprietors of Company B.

Regional Policy : Inner Cities Pt 7

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A085/2987

19 November 1985

Dear Caroline,

Inner Cities

I am writing to confirm that the next Prime Minister's meeting on Inner Cities will take place after Cabinet (at about 11.30 am) on Thursday 19 December. Cabinet will probably begin at 10.00 am to accommodate this.

2. I am sending copies of this ~~minute~~ to the Private Secretaries to the Lord President of the Council, the Secretaries of State for Trade and Industry, the Home Department, Education and Science, Scotland, Social Services, Employment and Environment, the Chancellor of the Duchy of Lancaster, the Paymaster General, the Chief Secretary, Treasury and the Minister for Housing, Urban Affairs and Construction (Mr Patten).

Yours ever

Ros

(Rosalind Mulligan)
Assistant Private Secretary

Mrs C M Ryder

cc BG

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1P 3EB

NBIM.

19th November 1985

Dear Nicholas,

CANARY WHARF:
DOCKLANDS LIGHT RAILWAY (DLR)

Thank you for your letter of 14 November to Nigel Lawson.

I am sure that it is right to see if suitable terms can be negotiated with Mr Travelstead's consortium for the privatisation of the DLR. It would be a pity to lose the opportunity of pursuing private sector operation of a railway simply through failure to meet the deadline for depositing the private Bill.

I am equally sure, however, that that tight deadline must not be allowed to bounce us into a hasty commitment which we will subsequently regret. It is therefore essential, in my view, to restrict our immediate discussions with Mr Travelstead to the bare minimum needed for parliamentary purposes. It must also be made quite clear to him that agreement to allow LRT to promote the Bill is no commitment of any kind to proceed with the deal when the Bill is enacted. You are obviously aware of the need for the Government's and LRT's position to be protected at all stages. Certainly Mr Travelstead's bona fides also need to be established, and his consortium's ability to perform his side of the bargain.

You rightly say that the consideration to be paid for the transfer into private ownership of the original DLR which is under construction will have to be negotiated. I recognise that this is not likely to be at all close to £77 million. But that figure was never expected to equate to the commercial value of the DLR. The cost of the DLR was believed to be commensurate with the wider social and development benefits expected to flow from the provision of a railway. Under Mr Travelstead's proposals, those social benefits would depend wholly on the continued

Regional Policy: Inner Cities PT.

operation of a railway outside Government control. You rightly say that privatisation implies giving up such control, but we will need to be able to explain publicly why it is reasonable now to put at risk social benefits which we recently felt were worth paying £77 million to gain.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, Norman Tebbit, David Young, Kenneth Baker and John Wakeham.

Yours ever,

JM

JOHN MacGREGOR

CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

NBPM.

18 November 1985

Dear Secretary of State

DOCKLANDS LIGHT RAILWAY

Thank you for your letter of 13 November about the privatisation of the Docklands Light Railway and for sending me a copy of your letter to the Chancellor of 14 November about the implications that the Canary Wharf development will have for the railway.

I agree with your analysis of the difficulties that a franchising arrangement would present but, as I have pointed out before, I believe that outright sale presents equally serious disadvantages. The indications are that we could not sell the existing railway for anything other than a token sum. We would, in effect, be disposing of a public asset worth £77m without any guarantee that we would receive the service to the people and businesses of Docklands that we originally thought it worth spending such a substantial sum to achieve. In addition to the political difficulties of such a move there would also be serious Accounting Officer implications.

If, however, an attempt is made to guarantee service levels in some way under outright sale this option becomes at least as complex as franchising and the railway is probably made totally unsaleable. My own view is therefore that the most realistic option at present open is the package offered by the Canary Wharf developers.

This debate about the merits of different methods of privatisation has been overtaken by the Canary Wharf proposal. If this major project goes ahead with its accompanying western extension to the railway the whole balance of the arguments for the competing forms of privatisation will have been altered and, as you have already noted, a new and persuasive option emerges. I therefore believe that further consideration of privatisation should be suspended until we are clearer about the implications of the Canary Wharf proposals. We can however discuss this, among other points, when we meet on Tuesday.

CONFIDENTIAL

I welcome the proposal in your letter to the Chancellor of 14 November to give consent to the laying of the LRT Bill for the western extension and to informing Mr Travelstead that we will call on our supporters to back the Bill. I am happy for you to proceed as you suggest.

I am copying this to those who received yours.

Yours sincerely

for AH Davis

KENNETH BAKER

Approved by the S of S and signed in his absence

The Rt Hon Nicholas Ridley MP

FOR THE PRIME MINISTER'S EYES

ROYAL FINE ART COMMISSION

With the ~~Secretary's~~ Compliments

OF NORMAN ST. JOHN-STEVAS

2 CARLTON GARDENS, LONDON SW1Y 5AA
01 - 930 3935

DN

ROYAL FINE ART COMMISSION
2 Carlton Gardens London SW1Y 5AA
Telephone 01-930 3935

PRESS RELEASE
LONDON DOCKLANDS: CANARY WHARF

Mr. Norman St. John-Stevas (Chairman, Royal Fine Art Commission) said after the meeting of the Commission to consider the proposed Canary Wharf project:

"The Commission had a full discussion this morning with the architects, sponsors of the project and representatives of the London Docklands Development Corporation and the Local Authorities concerned. This meeting took place at the Royal Fine Art Commission's request. The Commission met privately this afternoon to consider the position. The Commission warmly welcomes the imaginative idea of developing Canary Wharf as a major contribution to the regeneration of Dockland and the maintenance of London as a world financial centre. However they believe equally strongly that the scheme has not been thoroughly thought through and needs clarification, development and modification.

The Commission was not against a scheme involving towers as such, but were clear that the first tower it was proposed to build, would destroy the vista from Greenwich Observatory and the Royal Naval College, and it should not be built in this position.

The towers might well be grouped together in another part of the site.

The Commission further consider that the development plan is too loose and the general design needs to be tightened. They are also concerned that the problems present in creating a fully human environment, the circulation of pedestrians, and dealing with British climatic conditions had not been resolved.

The Commission were appreciative of the offer of the developer to engage in further conversations and intend to take up at once a constructive dialogue with them over the economic, aesthetic and social issues involved."

Prime Minister!

In many ways, helpfully mild.

But the Government's attitude will need to be sensitive to avoid damaging the atmosphere for discussions about the Channel Tunnel, particularly since there is to be a public enquiry for neither. Agree to write! Does sense to Mr Baker?

DRN
15/1

I see no reason to write to K.B. as presumably he will be handling it well anyhow

MEA

25/26 January

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

Mr. Langdon

INNER CITIES

1. Thank you for the copy of your minute of 15 November to Joan MacNaughton.

2. As I said, I think it would be useful to give the Prime Minister a sight of the 10 areas before things get too far advanced.

DN

15 November, 1985.

CONFIDENTIAL

Inner Cities, PA

K01233

15/11

CONFIDENTIAL

MISS MACNAUGHTON

cc HB
Vand pa.

cc Mr Stark
Mr Watson
Mr Eland
Mr Norgrave

INNER CITIES

1. Following the Prime Minister's meeting yesterday, the Lord President agreed to take on the task of selecting the 10 geographical areas on which the next meeting will focus at the beginning of December. I have checked with No. 10 on this arrangement.

I said the 10 areas would need to be cleared with the PM before things went too far.

2. The other remit at yesterday's meeting was for a group of officials to prepare various specified information on the 10 areas. Sir Robert Armstrong has asked me to chair that group. The purpose of this minute is to suggest how the two remits might be co-ordinated.

3. Given that all the work needs to be done in 3 weeks, there is clearly not going to be time for a very elaborate exercise. But when Ministers come to select the 10 areas it will have to be on the basis of official advice and that, in turn, will need to be on the basis of some agreed criteria that have yet to be settled.

4. If the Lord President agrees, I think that the best way to proceed is as follows.

(i) The group of officials to be convened as soon as possible next week for the ground-rules to be set. Members of the group to go away and work-up their nominations of say 15 or 20 areas, together with assembling the requested data. (We accept that there will be some wasted effort in assembling data for areas that are rejected).

(ii) Cabinet Office to compile a short-list of potential areas, for decisions by the Lord President's meeting with Ministers during the week beginning 25 November.

(iii) The next meeting chaired by the Prime Minister would consider a paper by the Lord President, nominating the 10 areas, explaining how they had been selected and neutrally setting out the possibilities for further work. There would also be a

factual report of the requested data from the group of officials.

5. As for the criteria themselves, I think that the thrust of yesterday's meeting was on delivery systems and was especially directed towards examining the feasibility of operating through quite new agencies. If that is right, I think that the 10 areas should be chosen so that they

(i) provide a useful study of the range of delivery problems and possibilties;

(ii) are high on the list of perceived needs, especially youth unemployment and public order;

(iii) would be practicable places for mounting pilot projects with new agencies, if that is what is eventually decided.

Other criteria - for example, on the size of practicable areas - may emerge as a result of official discussion.

6. It was clear at yesterday's meeting that there should be no specific orientation to blacks. I am not clear, however, how we should regard the recent riot areas. There can clearly be no question of angling this exercise toward them, but I myself would not think that they should be altogether excluded from the short-list.

7. Lastly, Scotland and Wales. The Prime Minister particularly wanted the Scottish Secretary at the meeting and it is proposed that he should be one of the Ministers who help the Lord President to select the 10 areas. But at MISC 104 the Scottish (and Welsh) case was that their problems were rather different from those of England. At the end of the day, it may be difficult to refuse Mr Younger one of the 10 areas if he really wants it, but there is a good case for saying that the problem is genuinely different. I suggest that, in the preparation of the short-list, we should accept Scottish candidates if the Scots push hard and meet the criteria. It would be then up to the Lord President's group to decide whether any of them should stand.

But can we have Scotland w/o Wales?

CONCLUSION

8. I should be very grateful to know whether the Lord President agrees that we should proceed as at paragraph 4 and that the

criteria for selecting areas should be as at paragraph 5. I should also be grateful for his guidance on the point at paragraph 6. Unless he thinks otherwise, I would not propose to bring Scottish involvement to a head until we have to.

I Lunt

pp A J LANGDON

15 November 1985

CONFIDENTIAL

Ref. A085/2938

MR NORGROVE

Inner City Youth

I attach a draft record of the Prime Minister's meeting on Inner City Youth. It has been cleared by Sir Robert Armstrong.

ROSALIND MULLIGAN

15 November 1985

CONFIDENTIAL

AFA

CONFIDENTIAL

INNER CITIES

The Prime Minister held a meeting after Cabinet on 14 November attended by the Lord President of the Council, the Secretary of State for Trade and Industry, the Secretary of State for the Home Department, the Secretary of State for Education and Science, the Secretary of State for Scotland, the Secretary of State for Social Services, the Chancellor of the Duchy of Lancaster, the Secretary of State for Employment, the Secretary of State for the Environment, the Paymaster General, the Chief Secretary, Treasury, and the Minister for Housing, Urban Affairs and Construction (Mr Patten). Also present were Sir Robert Armstrong and Mr A J Langdon, Cabinet Office.

The Home Secretary said that, as he had explained in his minute to the Prime Minister of 23 October, he believed disaffected young people (predominantly black) presented a grave threat to the social fabric in some 12 to 15 city areas. More effective action was required to prevent further increases in the number of people in these disaffected groups. The people in question had little realistic prospect of employment and saw themselves as excluded from the mainstream of society. Getting through to them would clearly be a difficult task. Nevertheless he advocated an early initiative directed at a narrowly drawn target area. Education was central to what had gone wrong, but training and job matching were also important. The type of initiative he envisaged would not necessarily be expensive. It would aim at a specific and visible effect.

The following main points were made in discussion:

(a) Although the Home Secretary was right to put the emphasis on problems among young people ~~with youth~~, and to point to ~~out~~ the problems if successive generations were allowed to go the same way as the present groups of malcontents, it would be counter-productive to raise expectations that could not be fulfilled in this ~~these~~ volatile and intractable field.

(b) It would also be counter-productive to be seen to be concentrating help on lawbreakers or on black people specifically.

(c) Money itself would not solve the problems ~~that had been identified~~: representatives of the Trades Union Congress (TUC) had acknowledged as much. Too much loosely-targeted money could indeed be counter-productive. In any event a considerable amount of money was already being spent on inner city problems, and the means of co-ordinating it had recently been improved by the decisions taken in MISC 104.

(d) Education was generally accepted as ~~being a~~ fundamental importance. ~~issue in the present context~~. It was not surprising that ill-educated - and in some instances maliciously educated - young people should model themselves on most undesirable examples, and should see little ~~of the~~ attractions in the modest remuneration of ~~the~~ whatever stable jobs were immediately within their reach. But education, along with urban renewal generally, was in many cases in the hands of local authorities ~~that~~ which were accentuating the problems rather than helping to solve them.

Strat

(e) ~~It was suggested that~~ The Government should not shrink from contemplating a head-on approach to the problem by administering the key services in a few pilot areas through agencies that local authorities could not sabotage. Such a radical approach would however present major constitutional issues with the local authority world, which would vigorously oppose it. An alternative course, less likely to require legislation, the passage of which would take much time and provoke strenuous opposition, would be to work both through existing local authorities and special new agencies in a few pilot schemes.

(f) In general, new agencies would require new legislation. The Housing and Construction Bill would provide a vehicle for enabling urban development corporations to be established outside Inner London and the Metropolitan County areas. Not all new machinery required legislation, however: the Merseyside Task Force was a case in point.

(g) A meaningful new approach to the problems identified by the Home Secretary would have to be based on the acceptance of a prolonged commitment. Quick schemes that were presented as destined to end quickly could do a lot of harm, though there might be useful ways in which new ventures could be worked up and then handed over to the conventional agencies.

(h) Under existing urban policy considerable efforts were already being made to involve black people in local projects. Valuable work of this kind had been done for many years in the United State of America and it might be worth considering getting some effective black leaders or organisers from there to help in this country.

The Prime Minister, summing up the discussion, said that the meeting was grateful to the Home Secretary for raising the issues set out in his minute, and had had a valuable preliminary discussion. The meeting had noted that a great deal of work directed at the inner cities was already in train, and that questions of co-ordination had already received attention. Nevertheless, there were still grave doubts about the way in which money directed to the problem areas was ~~actually~~ in fact being spent ~~on the ground~~, and it was not clear what further policy developments might take place under powers currently available. These matters needed to be clarified.

The meeting should reconvene in about three weeks. For that discussion a group chaired by the Lord President of the Council and consisting of the Secretaries of State for the Home Department, Education and Science, Scotland, the Environment and Employment ~~, and the Home Secretary~~ should select 10 areas in cities with the potential for public order trouble as the basis for further study. A group of officials under Cabinet Office chairmanship should prepare an analysis of the money that was channelled into these areas and the way in which it was spent. The group of officials should also prepare an account of the relevant powers that were currently available to central and local government. Finally, the group of officials should prepare a survey of relevant voluntary organisations obtaining public funds, and what the money was used for.

In the light of this information the meeting would consider whether any special new developments would be feasible. The meeting would have a particular eye to possibilities in the field of training,

People from the churches and particularly from monastic communities,

and would wish to consider the possibility of experiments in education. ~~Prominent churchmen~~ People from the churches and particularly, who had no ~~particular~~ political axe to grind, might have much to contribute and the possibility of involving them should not be overlooked.

The meeting -

1. Took note with approval of the Prime Minister's summing up of their discussion.

2. Invited the Lord President of the Council, in consultation with the Ministers indicated, to prepare a list of 10 possible areas for further study.

3. Invited the Secretary of the Cabinet to arrange for a group of officials under Cabinet Office chairmanship to prepare the information that had been requested.

CONFIDENTIAL

JDBAFA

cc.
CO
DTI
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DES
SO
DHSS
DUCHY
DM
DE
PMG
CHIEF SEC.
MR. PATTEN, DE
MR GRIFFITHS

10 DOWNING STREET

From the Private Secretary

15 November 1985

Dear Joan,

I enclose a copy of the record prepared by the Cabinet Office of the Prime Minister's meeting on Inner Cities held after Cabinet yesterday. I suggest it should be given a restricted circulation.

I am sending copies of this letter and its enclosure to the Private Secretaries to those who attended the meeting.

Yours ever,

David.

(David Norgrove)

Miss Joan MacNaughton,
Lord President's Office.

CONFIDENTIAL

to

CONFIDENTIAL AND COMMERCIAL IN CONFIDENCE

cc BG

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Prime Minister
To be aware of this encouraging proposal. DRN

The Rt Hon Nigel Lawson MP
HM Treasury
Parliament Street
LONDON SW1P 3AG

14 November, 1985 15/11

Dear Chancellor,

MT

CANARY WHARF: DOCKLANDS LIGHT RAILWAY

The project of the consortium represented by Mr Travelstead for a huge office development at Canary Wharf in the London docklands enterprise zone depends, in his view, on securing a direct rail link to the Bank station. The docklands light railway at present under construction to a terminus at the Minories, adjacent to Tower Hill, would need to be extended to the Bank in tunnel. On estimates that Mr Travelstead has obtained this would cost some £85m; this is a figure that London Regional Transport (LRT) is not in a position to endorse. Mr Travelstead has asked LRT to seek the necessary Parliamentary powers, at his expense, and LRT will need to deposit the Bill by 27 November. Mr Travelstead started to discuss this with LRT early in September, and only very recently has he been to see me.

LRT and the London Docklands Development Corporation are already committed to spend £77m on the railway now under construction. I expect that the railway will make a continuing loss. I would very much like to see it privatised. Clearly we have to be very careful that we do not become committed to financing the extension to the Bank, and are suitably protected at every step.

I have made it clear to Mr Travelstead that I cannot contemplate a situation in which a railway built to the Bank, for the benefit of his project, would require continuing public subsidy or guarantee. When he came to see me on 13 November, he made a proposal. In addition to the costs of the Bill, he was ready to make a capital gift of £30m. He had estimated that with this free capital, and taking over at nil cost the railway that

is now under construction at public expense, a company could be formed which would be able to raise the balance of the £55m which he estimates is needed, and so complete the extension to the Bank and run the entire railway thereafter. He would prefer not to take on this company himself, but if nobody else would, he was "prepared to underwrite it, as the last resort". I said I would need to consider his proposal and let him have a view urgently.

The course that I envisage is that LRT will carry through the necessary Bill, at the consortium's expense, making it clear that this is for the benefit and at the cost of the Canary Wharf developers and that the completion of the present railway and construction of the new one will be put by LRT into the hands of a new company which they will transfer to the private sector. The public sector will provide the balance of the £77m, butwill not be committed to put money into the Bank extension. It would follow that by the completion of the Bill's passage the company will need to be formed, and if there were no other contenders, taken over by Mr Travelstead and his associates. The company would modify the existing railway building contracts and let new ones.

The privately-owned company may decide to employ LRT to manage the railway, but that is for them to decide. But all public commitment would have to cease. The public asset financed by the original £77m would be transferred to private ownership for such consideration in money, subordinated shares; or deferred payment as can be negotiated, and all public control over fares, concessionary fares or closures would cease. Extensive work already done has found no satisfactory way to guarantee continued operation or reversion to public ownership in the event of failure of the company. These are consequences of privatisation that we must accept.

Our opponents will attack these aspects. In addition we must expect that all the opposition to the Canary Wharf development will concentrate on the Private Bill for the railway. The City and the GLC may both petition against it. We shall have to make clear that we welcome the prospect of this major development, and will do what we can to facilitate it, without further commitment of public funds to the railway. I shall need to tell Mr Travelstead that we will call on our supporters to back the Bill, but that the Government cannot guarantee its passage through the Private Bill committees.

I ought to tell Mr Travelstead quickly that we will in principle go forward with his proposal for the railway. I shall then need to have from him and his associates sufficiently clear

commitments acceptable to you, to me and to LRT by the end of the week, before I can give to LRT my consent, which they require, to deposit the necessary Private Bill. In due course my consent will also be required by LRT to the formation of a subsidiary company and its disposal.

I will give Mr Travelstead our agreement in principle unless you or colleagues let me know by noon on Monday 18 November that you disagree.

The alternative is that we will end up with a railway which does not connect to the centre of the City; large and continuing losses at public expense and the risk of losing the Canary Wharf development.

Copies of this go to the Prime Minister, the Lord President, the Chancellor of the Duchy of Lancaster, the Secretary of State for Employment, the Secretary of State for the Environment, and the Chief Whip.

Yours Sincerely

J. Coulliffe

P.P. NICHOLAS RIDLEY

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

Subject cc Master

INNER CITIES

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The meeting -

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3. Invited the Secretary of the Cabinet to arrange for a group of officials under Cabinet Office chairmanship to prepare the information that had been requested.

15 November, 1985.

cc OK
PC Back

01 211 6402

NBPM.

The Rt Hon The Lord Young of Graffham
Secretary of State for Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

14 November 1985

Dear David

INNER CITY YOUTH

I have seen your minute of 25 October to the Prime Minister and have been considering the contribution the British Gas Corporation and the Electricity Supply Industry might make towards easing the problems of the inner cities.

I have not, of course, consulted the industries at this stage and therefore I have not been able to establish what steps they may already be taking in the areas under discussion. I believe that there are examples of positive efforts having been made. Both industries participate fully in the Youth Training Scheme and there is, for example, at least one Area Electricity Board which has made considerable efforts to encourage members of ethnic minorities to apply for jobs and training schemes.

The industries have, of course, statutory duties to fulfil and operate under tight financial controls. We cannot expect them therefore to spend significant amounts of money on something which is not within those duties. Nevertheless, I think it would be well worth my approaching BGC and the Electricity Supply Industry to see whether there is anything further they could do to help with the inner cities. The possibilities that could be explored include:

a. more Boards making a special effort to publicise the employment, apprentice training and Youth Training Scheme opportunities which they offer to those living in inner city areas and to ethnic minorities - this would aim to make such groups fully aware of what is available but could not, of course, involve the industries taking on more recruits than they would otherwise have done, or preferring "disadvantaged" applicants to better qualified applicants from other areas;

b. the industries palying a full part along with the private sector in local initiatives such as Local Enterprise Agencies.

If you and colleagues agree, I think it would be most appropriate to approach the industries' Chairmen as part of the wider campaign of education and persuasion of employers and others you are considering. The Chairmen may be more ready to respond if they feel the private sector is also being asked to help. But I am ready to approach them whether or not that campaign goes ahead.

Another sector that has something to contribute to your plans is the Voluntary Insulation Groups, which are part of your MSC programme for voluntary projects. These groups perform two useful functions. First, they employ young people on jobs which both train and motivate them. Secondly, they help to improve living conditions in low income households. The voluntary groups are expanding rapidly, but as you know we need to ensure that their future is secure. I mention this because until the uncertainty is removed it provides a focus for criticism of our policies.

I am copying this letter to the Prime Minister, other Cabinet colleagues, the Chief Whip and Sir Robert Armstrong.

Yours

PETER WALKER

REGIONAL POLICY

INNER CITIES

377

PRIME MINISTER

INNER CITY YOUTH

Sir Robert Armstrong suggests (paragraph 9) that you should say at the beginning of the meeting that you will be making up your mind about Ministerial responsibilities outside the meeting. This seems right, and is in line with your initial reaction when Sir Robert Armstrong suggested to you that the Paymaster General might chair the follow up work.

I suggest that however the follow up work is handled, there should be probably an interim report to you, and a final report before anything goes to a full Cabinet committee or to Cabinet itself.

You will wish to bear in mind that the fact of a review is public knowledge. The Autumn Statement says:

> "The Government is reviewing the level and effectiveness of assistance for the inner cities. Meanwhile provision for the urban programme remains unchanged."

Martin Sanner

pp DAVID NORGROVE
13 November 1985

SRWAKG

cc B/up
cc d

Ref. A085/2922

PRIME MINISTER

Inner City Youth

At your meeting on 14 November you will be considering the Home Secretary's minute of 23 October, together with the comments on it by the Secretaries of State for the Environment and for Employment, the Chief Secretary to the Treasury, the Chancellor of the Duchy of Lancaster, and Mr Ancram on behalf of the Secretary of State for Scotland. My own minute of 12 November is designed to bring out the main themes and to serve as an agenda.

BACKGROUND

2. Overall urban policy is directed at a diffuse and most intractable set of problems. The whole subject was reviewed last year in MISC 104 and there is no purpose in going again over all that familiar ground now.

3. What is immediately at issue is the nature of the threat disclosed by the recent riots and how far the Government should be seen to be responding to that by taking action to reduce the risk of future riots.

On the one hand, a full analysis of what has gone wrong in the inner cities would inevitably lead into areas of social identity and family structure and discipline that are exceptionally hard to grip. It would also have to confront more concrete issues - like the failure of many schools in these areas to deliver education - which can be put right

RTAABM

only on a long time-scale. There are clearly no instant solutions and encouraging unrealistic expectations could be actively counter-productive.

On the other hand a Government stance that will be seen as consisting only of the, very necessary, initial emphasis on support for the police has obvious dangers. It is doubtful whether the CAT co-ordinating machinery - well conceived though it is - can be strong enough to take the full load of the Government's presentation of its response, especially when urban programme money is to be reduced.

Note at end

4. The Home Secretary's suggestion, I think, is that we need to develop a crisp, identifiable, positive initiative focused on making the present pool of disaffected youth less dangerous, and heading off recruitment to the pool. This would need to be congruent with existing urban policy machinery and there would doubtless be some overlap. But the tempo of the operation would need to be much faster and the presentation much more visible.

5. A development of this kind would be characterised by a heavy emphasis on people and less on infrastructure and machinery. A main aim of the exercise would presumably be to undercut the hard left local authorities and other undesirable manipulators by taking the initiative in involving people in the trouble spots and giving them the feeling that they were being listened to.

6. Above all, the focus of an exercise of this kind would need to be kept very narrow. If the problems of Gateshead and Glasgow were fed into the package in order to balance it, we would be on the path to addressing all the ills of the urban scene once more.

7. The purpose of the meeting is to assess the feasibility of this kind of initiative and to agree the general nature of the

RTAABM

objectives. If it is agreed to go ahead, you do not need to take decisions on the spot about the machinery to be adopted to take the matter forward. (My recommendations about that are contained in my minute of 4 November).

8. It will, however, be necessary to reach some understanding at the outset about resources. An initiative that was denied any money whatsoever would not look plausible. One of the first things that would need to be worked up would be ways in which existing urban programme and related money could be tapped for the present purpose. The meeting on 14 November should recognise this.

HANDLING

9. You may wish to suggest that the meeting takes my minute of 12 November as the agenda. You may also wish to say at the outset that you will be making up your mind how to take the matter forward in terms of Ministerial responsibilities outside the meeting.

10. The statement of "the present position" in my note may be taken as read. The main purpose of the meeting is to consider the issues raised in paragraphs 4 to 7 of my note under the headings "The Problem" and "Aims of a new initiative". You may wish to ask the Home Secretary to speak first, and especially to tell the meeting how he would define the objectives indicated in his minute, and what relationship he sees between such a new initiative and existing urban policy machinery. How far would he see the emphasis being on youth? Or black youth? And to what extent should presentation rest on the prevention of disorder? The Home Secretary may register the point that consideration of policing methods (paragraph 7 of my minute) should be taken forward as a separate issue, and I recommend that you accept that.

CONFIDENTIAL

RTAABM

11. The Secretaries of State for Employment and the Environment should be asked to speak next, and most Ministers present will wish to express views.

12. You may wish to discourage the detailed discussion of delivery mechanisms (paragraph 8 of my minute) at this stage. But you may want to ask the Chief Secretary to speak to his minute about resources. The Home Secretary, the Chancellor of the Duchy of Lancaster and other Ministers may wish with to comment.

13. You wish to give further thought to the machinery for taking this forward in the light of the meeting. But you may want to say that you would welcomme any preliminary views that colleagues wish to express about the kind of structure sketched out in paragraph 10 of my minute.

CONCLUSIONS

14. You will wish the meeting to reach conclusions on -

Note that the fact of the review is public knowledge. See my m.s. note overleaf.

1. whether an initiative broadly on the lines advocated by the Home Secretary should be taken ahead;

2. how the objectives should be stated;

3. the time scale for the exercise;

4. what approach should be taken towards resources in working up a new initiative.

RTAABM

15. On apportionment of responsibilities and other organisational points you will want to be in a position to tell your Cabinet colleagues how you wish to proceed very shortly.

MS

for ROBERT ARMSTRONG

13 November 1985

~~Train is~~ The sentence on urban programme money is a bit ambiguous. This year's PEWP shows

1985-86	86-87	87-88
241	230	230.

So a declining path in real terms.

The Autumn Statement said:

"The Government is reviewing the level and effectiveness of assistance for the inner cities. Meanwhile provision for the urban programme remains unchanged."

DHW

RTAABM

PRIME MINISTER 12 November 1985

MEETING ON INNER CITIES

The main point of this first meeting on inner cities is to decide ministerial objectives and guidelines. Officials can then be asked to work up delivery mechanisms.

There is a danger that the meeting will get side-tracked into considering the mechanics before the aims are clear: this would give Departments an excuse to pile in with bids for expensive but useless expansions of their existing programmes.

Objectives

At present, Ministers seem to have different objectives:

- David Young wants to create a new group of black middle-class entrepreneurs, as a force for stability in the inner cities.

- Kenneth Baker mainly wants to refurbish council blocks.

- Douglas Hurd wants to reduce youth 'alienation', by doing a bit of everything.

We doubt whether any of these hits the nail on the head.

The root of social malaise is not poor housing, or youth 'alienation', or the lack of a middle-class. Lower-class, unemployed white people lived for years in appalling slums without a breakdown of public order on anything like the present scale; in the midst of the depression, people in Brixton went out, leaving their grocery-money in a bag at the front door, and expected to see the groceries there when they got back.

Riots, criminality and social disintegration are caused solely by individual characters and attitudes. So long as bad moral attitudes remain, all efforts to improve the inner cities will founder. David Young's new entrepreneurs will set up in the disco and drug trade; Kenneth Baker's refurbished council blocks will decay through vandalism combined with neglect; and people will graduate from temporary training or employment programmes into unemployment or crime.

If this is true, the prime objective should be not the creation of better conditions as an end in itself, but rather the creation of conditions that will encourage better character and better attitudes. This means, above all:

- making it more unattractive for men to walk away from family responsibilities;

- making it easier for people to set up and keep up old-fashioned independent schools, (particularly religious schools);

- changing attitudes to personal responsibility, basic honesty, the law and the police from an early age.

Once these long-term objectives are put at the top of the list, the Young/Baker/Hurd items fall into place as remedies that may help to keep the peace while new attitudes are being built in families and schools, and which may succeed in creating prosperity once such attitudes have been established.

Methods

A great deal of detailed work by officials and outside experts will be needed when Ministers have decided on objectives.

But you could rule out, from the start, all moves to use the inner city problem as an excuse for huge, expensive, corporatist interventions. And you could lay down guidelines to ensure the greatest possible involvement of individual effort, private business and morally sound religious groups.

A. For the Long-Term Shift in Attitudes:

i. both the legal system and the tax and social security systems should be investigated, to see how the abandonment of family responsibilities could be made more unattractive, and how a pro-family climate could be recreated;

ii. Keith Joseph's new direct-grant inner city schools should be given a boost - perhaps with extra money, and a bias towards religious foundations;

iii. an initiative should be mounted to improve the image of the police, to prune away penal establishments that can act as criminal training- schools, and to place young delinquents in good 'foster' homes;

iv. sensible churchmen, businessmen and professionals (both black and white) should be encouraged to promote moral values, possible through the creation of a new 'youth corps'.

B. For the Medium-Term Remedies:

i. any public money used to fund employment schemes or subsidies should be found from within existing budgets by geographical re-targetting, and should be used to encourage self-help rather than continued dependency on public support;

ii. deregulation and privatisation - of planning, surplus land, council housing etc - should be preferred to public schemes;

iii. unsubsidised private investment should be encouraged; (Tim Melville-Ross, Chief Executive of Nationwide Building Society, has plans for a new £500m private sector investment agency in the marginal inner-city areas, and other similar schemes are also in the wind);

iv. the need for an 'inner-city policy' should not be used as an excuse for creating monstrous new quangos with large budgets and excessive powers;

v. where public schemes are used, they should be coordinated administratively (by means of the CATs or some better system), and in substance (as occurs in the Community Refurbishment Scheme, where the Community Programme provides a cheap workforce of long-term unemployed people to renovate their own council houses, with materials supplied under the Urban Programme);

vi. there should be no 'positive discrimination' in any new programmes;

vii. there should be a review of the 'voluntary bodies' to which the Home Office and other Departments give money, to see how far the funds are in fact supporting destructive far-left groups; (although the bulk may be sensibly spent, we believe that some of the present public money may well be part of the problem rather than part of the solution; Liverpool's catastrophic black 'activist', Samsom Bond, is funded by the Home Office);

viii. schemes should be designed to encourage local and civic pride;

ix. simply cleaning up the environment - which is relatively cheap - should be given a high priority because of its moral effects;

x. crime prevention should be built into schemes wherever possible.

HARTLEY BOOTH

OLIVER LETWIN

CC 01

Ref. A085/2902

PRIME MINISTER

Inner City Youth

You are having a meeting on 14 November with the Ministers most directly concerned with the issues raised by the Home Secretary's minute of 23 October, on which a number of Ministers have already commented. In the light of the meeting it will be necessary to decide whether and, if so, how to set in train a new policy initiative, and the timescale to which it should work. This minute summarises the main areas that will need to be covered at the meeting.

Flag A

The present position

2. The first thing must be to take note of what is already in place. Urban policy is a conceptually difficult matter that straddles the boundaries between Departments, between central and local government, and between the public and private sectors. The Home Secretary's minute brings out the main components of existing policy, and other Ministers (particularly the Secretaries of State for Employment and the Environment) have stressed that this was reviewed last year in MISC 104, and co-ordination much improved as a result.

3. The annexed note briefly summarises the present state of play on policy objectives, delivery mechanisms and resources.

The problem

4. The essence of the Home Secretary's minute is the suggestion that within the wider problems of urban decay and deprivation there is a particular threat from volatile, uneducated, unoccupied, mostly black, young people, and that this merits a

particular response beyond general urban policies. The propensity for this kind of mob violence is clearly not an inevitable part of the inner city scene: there are many deprived areas where there is no such threat. There is a strong ethnic, specifically black, dimension, and perhaps only a small number of places at risk.

5. The argument for separating out the area identified by the Home Secretary for special action rests not so much on theoretical analysis of inner city problems (though that can be sustained) as on the proposition that what we face here is a unique threat to the wider social fabric. Ministers will doubtless see a lot of force in that view; in particular, the prospect of escalating confrontation between the disaffected group (politically manipulated as it may be) and the police is extremely disturbing. Nevertheless, the crucially important decision to be made at the outset is whether these problems should be extracted from the generality of urban policy and pursued and presented on their own terms, or whether they can await the structural improvements that are sought in the Government's wider approach to inner city problems. If it is decided to extract the topic, it will need to be accurately identified: the Home Secretary's formulation of "inner city youth" seems close to the mark.

Aims of a new initiative

6. In general terms the main aim must be in the direction of reducing the instability and volatility of the group in question, to give these young people more of a stake in their own community, to keep them safely occupied, to improve their morale. That will probably mean working in unconventional and imaginative new ways as well as improving the targeting of existing programmes.

7. There is another side to the equation. The recent disturbances needed sparks, not just tinder. If there is to be a new policy review, policing methods should presumably have a place in it.

Delivery mechanisms and resources

8. Securing effective delivery will be a major challenge. Some Ministers have already made suggestions of using new kinds of agencies, to bypass existing authorities. There may prove to be something in that, but any move in that direction would need to be considered when it is clear what it is sought to achieve, and decisions on such points of machinery need not and should not be made at the outset.

9. The availability of resources is a major factor. The Chief Secretary, Treasury has made clear that there is no new money available. It may be that what is needed will not be very costly, but some diversion of money within programmes seems inevitable in response to the identification of new priorities. This needs to be analysed in more depth.

Next steps

10. If this is to proceed as a new initiative, focused on young black people, you will want to set objectives in the light of the meeting, and set up the machinery to work towards them. This could be on the analogy of the CATs, in which case the new initiative would be made the responsibility of a Cabinet Minister with an interdepartmental remit and the full authority of the Cabinet to pursue action. He should be supported by a small unit of vigorous officials and possibly with the assistance of well-known and respected outside figures, possibly including some from the ethnic minorities. Interdepartmental co-operation is vitally important, and he should perhaps chair an interdepartmental group of junior Ministers to ensure the necessary co-ordination. For the present, I would see this exercise as quite separate from the

work of MISC 116, which would continue in parallel with the development of the CATs. Clearly the work of the two groups might eventually merge.

11. Finally you will wish to consider the question of timing. Views here will depend on the decisions taken, but there is probably a political need for a statement early in the New Year.

CONCLUSION

12. If action is to be taken the next steps could be:

(a) to take firm decisions now about the Government's objectives in the area identified by the Home Secretary, and the resources allocated to meeting them;

(b) to invite one Minister to co-ordinate the preparation of a detailed plan covering delivery on the ground, in particular;

(c) to ask that Minister to present his plan for approval to another meeting of these Ministers (or to a wider group, say, MISC 104) and to oversee its implementation if it is approved.

13. I am sending copies of this minute to all Ministers who are attending the meeting, namely the Lord President of the Council, the Secretary of State for Trade and Industry, the Home Secretary, the Secretaries of State for Education and Science, Scotland and Social Services, the Chancellor of the Duchy of Lancaster, the Secretaries of State for Employment and the Environment, the Paymaster General, the Chief Secretary, Treasury and the Minister for Housing, Urban Affairs and Construction (Mr Patten).

JMS

for ROBERT ARMSTRONG

12 November 1985

ANNEX

Objectives, Targets and Organisation

1. MISC 104 agreed on four objectives for Urban Policy:

i. to reduce the number of people in acute housing stress;

ii. to reduce the number of derelict sites and void buildings;

iii. to increase the job opportunities in certain areas and the employability of certain groups;

iv. to strengthen the social fabric of the inner cities and to reduce individuals' dependence on the public service.

2. Decisions taken by MISC 104 last year were designed to secure better value for money from expenditure on the Urban Programme and other programmes which address inner city problems. The Urban Programme Management initiatives had been implemented in the form agreed. City Action Teams (CATs) have been set up, initially comprising representatives from the Departments of the Environment, Employment and DTI, and limited to the 7 Partnership areas. The CATs were asked to provide specific targets for their operations, reflecting the first 3 urban policy objectives agreed by MISC 104. Their activities are supervised by MISC 116 under the Chairmanship of the Secretary of State for Employment. Their establishment is helping the Government to publicise what it is actually doing already for the inner cities. The main question now here is whether there should be some redefinition of the objectives, to reflect the preoccupation with the problems of alienated young people (particularly blacks).

3. It was always envisaged that the scope of the CATs would expand. Work is in hand on further co-ordination with the three social Departments (Education, Health and Social Security and Home Office) and the Department of Transport. There can be no doubt that they have a substantial contribution to make, not least in the provision of information from a local level. The Home Office, in addition to its responsibility for the police,

contributes to the solution of the problems that face ethnic minorities in the inner cities by grants to local authorities to meet part of the salaries of employees dealing with special needs of Commonwealth immigrants. (Section 11 of the Local Government Act 1966). Expenditure on S.11 functions was over £90 million in 1984/85 as compared to the £340 million of the Urban Programme. DES and DHSS have smaller amounts of discretionary expenditure which may have an impact on inner city areas.

4. Work is also in hand on proposals to extend the areas covered by the CATs. Additional Civil Service manpower would be required for major extensions or to set up new CATs. However, the effects of the co-ordination established between the members of the CATs is already spilling over into some adjacent areas and this could be developed further.

Implementation of Objectives and Delivery Mechanisms

5. The CATs are a means of ensuring that existing spending programmes reflect the agreed urban policy objectives. It is still early days to judge their performance. Their work has concentrated on the physical and employment creating aspects of urban policy, but this may change as the social Departments become more integrated. Much of their work depends on the co-operation of local authorities, although they do work with voluntary organisations and the private sector whenever possible. Their effectiveness could perhaps be increased by further impetus towards:

i. the involvement (to some extent) of CATs in decisions about all discretionary central government expenditure which had an impact on the inner cities;

ii. 'bending' main programmes towards inner cities; ie allowing the use of different criteria to determine expenditure decisions in inner cities which are more favourable than those used nationally;

iii. expanding the area covered by CATs, say to the Programme Authorities - or to areas with similar problems.

6. Alternatively, new delivery mechanisms could be set up to improve the targeting and effective delivery of Government programmes. There is a clear need for a 'bottom up' approach, which would involve local communities in the projects to improve their own environment or increase employment within their own area, whilst at the same time improving their perception of what Government is doing for them. This might be most readily achieved through the stimulation of community organisations or voluntary bodies, but it has been suggested that where these are absent or ineffective, it might require the setting up of agencies specifically to stimulate and manage community programmes. These could be small and very local, drawing on the CATs for resources and advice and with no special powers, or large with statutory powers covering a wider area, on the lines of the Urban Development Corporations (UDCs) which operate in Merseyside and the London Docklands. One problem with any new agencies is that legislation might be required. The suitability of the UDC model for what is not essentially a development role would need careful thought.

Resources

7. The financing of the Urban Programme has been held level in cash terms for the last two years and will be reduced in 1986/87. Any new initiative will be seen against this background and the question of new resources will inevitably be raised. The Government's commitment to solving the problems of inner cities may be questioned if no new resources, other than for the police, are apparent. The difficulties of finding new resources are obvious in present circumstances. One possibility would be to reorder priorities through the greater use of specific grants, such as the Home Office S.11 grants and Education Support Grants, or to create more specific grant regimes. Ministers could then authorise grants only to those local authorities who were prepared to run projects of which they approved, with the local authority

contributing a proportion of the relevant expenditure. This route could have wider implications. It might lead to an increase in aggregate local authority expenditure, and local authorities would strongly object to the reduced control they would have over the deployment of expenditure.

Regional Policy

ft 7 inner cities

CONFIDENTIAL

File ECL

cc Mr Griffiths

10 DOWNING STREET

From the Private Secretary

12 November 1985

Dear Robin,

CANARY WHARF

The Prime Minister and your Secretary of State had a brief word after E(LF) this morning about your Secretary of State's minute to her of 11 November.

The Prime Minister agreed that your Secretary of State could today announce his decision not to intervene in the proposals for development of a major banking complex in the Isle of Dogs Enterprise Zone.

I am copying this letter to Joan MacNaughton (Lord President's Office), Rachel Lomax (H.M. Treasury), Richard Broadbent (Chief Secretary's Office), Richard Allan (Department of Transport), John Mogg (Department of Trade and Industry), Leigh Lewis (Department of Employment), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), David Morris (Lord Privy Seal's Office) and Murdo Maclean (Chief Whip's Office).

Yours ever,

David.

(David Norgrove)

Robin Young, Esq.,
Department of the Environment.

CONFIDENTIAL

CONFIDENTIAL

cc BG.

PRIME MINISTER

CANARY WHARF

I wrote to you on 3 October to let you know about the proposal by Credit Suisse First Boston to develop a major banking complex in the Isle of Dogs Enterprise Zone. They are still in negotiation with London Docklands Development Corporation about important aspects of this, among them the need for an extension of the Docklands Light Railway to the bank.

We have in the meantime, come under strong pressure from a variety of interests including HBMC to delay the development in order to enable a public inquiry to take place. The focus of this pressure is on the environmental and other local impacts, with a particular point being made of the views of and from the historic area of Greenwich.

In the ordinary way, a development of the scale of this one would certainly be the subject of a public inquiry. However, experience suggests that to arrange and hold a public inquiry would delay the project by some 18 months. The developers say that a delay of that order would mean their abandoning the project: as would-be occupiers of a substantial part of the first phase they have an early need for space for their own purposes. This reflects the significance of the project for the pace of change in the City. LDDC accept this analysis and I am disposed to do so as well.

The project is, in any case, within the Enterprise Zone and by far the greater part of it thus has automatic planning permission. Although my advice is that there are ways in which I could bring the issue before me for a public inquiry, I am strongly disposed to resist doing so. There are certain difficulties about taking this line because the pressure from the environmental lobby will

be acute and will no doubt continue until irrevocable commitments are made. I do not underestimate the passion which this proposal will arouse in environmental quarters. We can anticipate a hard campaign which will be backed by some of our supporters. It will focus on the height of the three towers, which will be some 200 feet higher than the Nat West building.

Nevertheless, this seems to me a case of conflict between environmental interests and those of securing a major development bringing many new jobs to Docklands. This accords with the purposes for which Enterprise Zones were established.

It is important to announce my position as a matter of urgency; otherwise the campaign will build up and we shall be wrong-footed. If you are content I propose to reply tomorrow to a Written PQ in the terms of the attached draft.

I am copying this to Willie Whitelaw, Nigel Lawson, John MacGregor, Nicholas Ridley, Leon Brittan, David Young, Norman Tebbit, John Biffen and John Wakeham.

Alldam

for

K B

11 November 1985

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

CANARY WHARF

Q. To ask the Secretary of State for the Environment whether he will call in the Canary Wharf scheme in order to hold an inquiry so that its major impact on surrounding areas can be publicly examined?

A. The scheme under discussion for a major development, primarily of offices on Canary Wharf in the London Docklands Development Area would almost in its entirety be in the Isle of Dogs Enterprise Zone. As a result, it benefits from the automatic planning permission which goes with the Enterprise Zone regime laid down in the Local Government Planning and Land Act 1980. That Act makes no provision for the intervention of the Secretary of State to call in an individual planning application for public inquiry as with other major planning cases.

The project is still under discussion between the developers and the LDDC. Important transport and other related investment decisions remain to be settled, notably the proposed extension of the Docklands Light Railway westward to the Bank which would need to be the subject of private legislation.

I take the view that, having established through the EZ system a particular means of providing planning permission in parts of the country which are in urgent need of regeneration, it would not be right for me to intervene.

Inner Cities: Regional Policy

CONFIDENTIAL

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A085/2869

11 November 1985

Dear Caroline,

Inner City Youth

This is to confirm that the Prime Minister's meeting on Inner City Youth has been arranged to take place after Cabinet (at about 12.00 noon) on Thursday 14 November.

I am sending copies of this minute to the Private Secretaries to those who are invited to attend, namely, the Lord President of the Council, the Secretaries of State for Trade and Industry, the Home Department, Education and Science, Scotland, Social Services, Employment and the Environment, the Chancellor of the Duchy of Lancaster, the Paymaster General, the Chief Secretary, Treasury, and the Minister for Housing, Urban Affairs and Construction (Mr Patten).

Yours
Ros

(Rosalind Mulligan)
Assistant Private Secretary

Mrs Caroline Ryder

CONFIDENTIAL

1

PRIME MINISTER

INNER CITY YOUTH

You saw a minute from Robert Armstrong yesterday about the arrangements for following up the Home Secretary's minute about inner city youth. You did not express a view on whether the territorial Ministers or Mr. Heseltine should be invited. Do you:

(i) wish the territorial Ministers to be invited - the Secretary of State for Scotland has put in a bid.

(ii) Mr. Heseltine to be invited or turned down on grounds of non-departmental interest. (academic — he is out of the country)

(TIM FLESHER)

7 November 1985

Let C.M come — but not all Territorial Ministers — the problems are different and

Inner Cities

TPM

VC

10 DOWNING STREET

From the Private Secretary

MR STARK
CABINET OFFICE

The Prime Minister has now seen Sir Robert Armstrong's minute of 4 November following earlier exchanges on the arrangements for improved coordination of inner city spending. Before deciding how to proceed she wishes to hold the meeting envisaged in those earlier exchanges and I understand that this has been arranged for 14 November after Cabinet. She agrees that the Ministers proposed in Sir Robert's minute should be invited to that meeting but has not yet reached a decision on whether territorial Ministers should be so. We will contact you again to confirm the Prime Minister's final views on attendance within the next day or so.

(TIM FLESHER)

7 November 1985

SPW

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2111/3 (Direct Dialling)
01-218 9000 (Switchboard)

MO 21/8/5

7th November 1985

NMD

Dear David,

As I mentioned to you, the Defence Secretary has been following with interest the relevant correspondence on inner city youth. He has commented that he would very much like to attend any meeting on this subject, if the timing were to permit it.

I am sending copies of this letter to Stephen Boys-Smith (Home Office) and to the Private Secretaries to other members of the Cabinet, the Chief Whip and Sir Robert Armstrong.

Yours ever,

Jeremy Wright

(J S WRIGHT)

D Norgrove Esq
No 10 Downing Street

CC BG

PRIVY COUNCIL OFFICE

WHITEHALL, LONDON SW1A 2AT

4 November 1985

Dear David,

PPS ATTACHED

PP. Following your letter of 31 October to Stephen Boys Smith, the Lord President has commented that he would like to be included in any meeting which is held on Inner City Youth.

I am sending a copy of this letter to Stephen Boys Smith in the Home Secretary's office, to the Private Secretaries to the other members of the Cabinet, the Chief Whip, and Sir Robert Armstrong.

Yours sincerely

Joan.

JOAN MACNAUGHTON
Private Secretary

CF
Please tell
Ros,
DRN

D Norgrove Esq

I am not happy about this. I spoke to Robin Ibbs about this matter today. But I will circulate a minute from the Chancellor of the Exchequer. Then we will be where we go from there.

CCBG

Prime Minister
Agree to proceed as in paragraphs 5 and 6? (Checklist at end of minute.)

DCW
5/11

Ref. A085/2795

PRIME MINISTER

Inner City Youth

I have now had a meeting with the Permanent Secretaries of the Departments most concerned and can add to my initial comments of 28 October on the Home Secretary's minute of 23 October.

2. There is general agreement that the emergence of a disaffected and riot-prone pool of young people in our cities is something that has to be tackled as a specific issue, in addition to the arrangements which have recently been set up for improved co-ordination of inner-city spending. It is clear that this is not entirely a racial problem, although the disaffection of young blacks has played an important part. What is required, therefore, are measures which will serve to limit and then reverse the alienation of young blacks (and Asians) from our society, without discriminating against those whites who are in similar circumstances.

3. This will be no easy task. It will not be enough just to pursue those specific inner-city initiatives already in train - though we should certainly do that. We need also to affect in some way large sectors of Government activity undertaken through main programme expenditure. Such activities and expenditure - for example, social security - are generally speaking deliberately non-discretionary and non-discriminatory. In these cases, what may be required is an alteration in the way in which the Government's operations on the ground are actually perceived by the alienated: it is a question of presentation rather than money. Other major programmes are carried out through local authorities, and the problems there are well known to you, but that is no reason why we should not work along the same lines with those authorities who are prepared to co-operate.

4. What we need now is not so much a matter of bureaucratic co-ordination but rather a redefinition of policy objectives and a political initiative. We need to further refine or add to the objectives of urban policy agreed by MISC 104, with a view to taking action which would remove both the actuality and the appearance of disadvantage and discrimination in the inner cities. I believe that this will require a considerable amount of effort and drive from a senior Minister, supported by a small unit of vigorous officials, and possibly with the assistance of well-known and respected outside figures. I think that he should be invited to chair a new group of Ministers from the Departments mainly concerned; and the official in charge of the unit should chair an interdepartmental group of officials from the same Departments. But the raison d'être of these groups would be, not to achieve a consensus, but to support the lead Minister in fulfilling the objectives. He would need to bring about changes in the emphasis, approach and procedures of other Government Departments. New money might be required, but probably not great sums: none of us believe that these problems will be solved simply by increased expenditure.

5. I wondered whether the Chancellor of the Duchy of Lancaster might be asked to take this on; but I assume that he has enough to do already; and perhaps that would make the initiative look too "party". So I suggest that the Paymaster General would be a good candidate for this role, if he would do it. The subject matter is close to his departmental responsibilities, and I would judge that he would have both the time available to devote to the task the considerable effort required, and the energy and political effectiveness which will be needed. He would of course require the full authority of Cabinet to pursue his remit across departmental boundaries. For outside support, we could think of someone with the stature and experience of Peter Newsam (if a suitable black candidate of this kind could be found, it would have presentational advantages; but it is not easy to see who it might be).

14 November after Cabinet

6. I understand that you have agreed to an early meeting with the Ministers most closely concerned. I suggest that the Lord President, the Home Secretary, the Secretaries of State for Trade and Industry, Social Services, Education and Science, Employment and the Environment, the Chancellor of the Duchy and the Chief Secretary should be invited. The Secretary of State for Scotland has put in a bid to be present (Mr Ancram's minute of 31 October): if he is invited, presumably the Secretaries of State for Wales and Northern Ireland should be invited too. If you agree with my proposal, I suggest that the Paymaster General should be approached in advance of this meeting and also be invited. I would prepare a paper for the meeting which would set out at greater length the ideas outlined above.

MS

ROBERT ARMSTRONG

Approved by Sir Robert and signed in his absence

Questions

(i) Paymaster General to chair the follow-up meetings?

4 November 1985

(ii) Territorial Ministers to attend next week?

(iii) ~~Otherwise~~ If Heseltine has expressed an interest, With Mr Heseltine? Or refuse on grounds of no dept. interest?

(iv) Otherwise as above?

DBV
5/11

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From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

31st October 1985

Dear Kenneth

I have read with interest your minute of 25 October to the Prime Minister on the subject of inner city youth, and more recent minutes on the same subject.

Although circumstances in the urban areas of Wales do not raise so sharply or persistently the problems which are arising in some inner city areas of England, there are many common factors and I would agree with the Home Secretary's analysis of the situation in his minute of 23 October and the proposals for tackling it. We are, of course, already conscious of the need for careful targetting and monitoring of urban programme resources and also the need to co-ordinate and focus the various programmes which are relevant to the economic and social conditions in urban areas. The proposal to focus particularly on the problems of inner city youth is entirely consistent with the general approach and I would wish the Welsh Office to be closely involved in any further work which may be commissioned.

I am also interested in your proposals for local agencies which could promote the physical regeneration of inner urban areas and prepare the way for private investment. If it is decided to proceed with these proposals I would want to consider how the enabling legislation might best apply in Wales. In the meantime, I should be grateful if my officials could be kept in touch with the work being done in your Department.

I am sending copies of this letter to the Prime Minister, other Members of the Cabinet and Sir Robert Armstrong.

Yours ever
Nicholas

The Rt Hon Kenneth Baker MP
Secretary of State for the Environment

Inner cities ?

CONFIDENTIAL

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10 DOWNING STREET

From the Private Secretary

31 October, 1985.

INNER CITY YOUTH

The Prime Minister was most grateful for your minute of 23 October reporting your discussions with colleagues about ways in which, outside the police context, the Government might respond to the issues raised by the recent disturbances in the inner cities. She has also seen the subsequent correspondence.

The Prime Minister wishes to chair a meeting on this, and the Cabinet Office will be setting it up.

I am sending copies of this letter to the Private Secretaries to the Members of the Cabinet, the Chief Whip, and Sir Robert Armstrong.

(David Norgrove)

S.W. Boys Smith, Esq.,
Home Office.

CONFIDENTIAL

cc/G

CONFIDENTIAL

Prime Minister

INNER CITY YOUTH

PPs attached

In George Younger's absence in Japan, I am responding to Douglas Hurd's minute to you of 23 October. I have also now seen the responses from Kenneth Baker, David Young, Norman Tebbit and John MacGregor.

I would like, on behalf of George Younger, to record a strong interest in the ideas under discussion. I think it is important to emphasise that the underlying problems of frustration and alienation, and the related policing, employment, educational and environmental issues, go very much wider than the inner city coloured communities. On most analyses the priority in urban policy, in Scotland as in many parts of England and Wales, is now less the inner cities than the post war peripheral estates. As Douglas Hurd notes, as well as tackling the immediate problems, our concern must be to prevent an increase in the inherent difficulties such as gave rise to the recent disturbances.

Urban policy is administered in different ways north and south of the border and so, it may be that your discussions on machinery will not have direct relevance for us. In particular, the existence of the Scottish Development Agency with its remit to tackle the environmental and economic aspects of urban renewal, means that Kenneth's suggestion for a small number of local agencies for England with similar powers may not be applicable here. We should however be happy to contribute to the debate on the basis of our experience in any way that you would find helpful. More broadly, however, many of the instruments of urban policy discussed in colleagues' minutes are directly relevant in Scottish circumstances, and indeed many are provided on a GB basis. We would therefore wish to be involved in further discussions, howsoever it is decided to take these forward. The Scottish Office is not at present represented on MISC 116 (because its current role does not extend beyond CATS monitoring), and on that basis our own preference would be for a fresh start.

I am sending copies to other members of the Cabinet, to the Chief Whip and to Sir Robert Armstrong.

M. A.

Michael Ancram
31 October 1985

LTE00503.105

PRIME MINISTER

INNER CITY YOUTH

The Home Secretary said at Cabinet on 15 October that he would be discussing the inner city disturbances with interested colleagues. The correspondence below is the result.

I suggest you look at Mr. Hurd's minute (Flag A), and Mr. Tebbit's minute (Flag B). Lord Young's minute does not, I think, add much (Flag C), but you might like to read it because you are meeting him for a bilateral tomorrow.

Sir Robert Armstrong's minute (Flag D) discusses the procedure and suggests a way ahead.

Agree:

i. Sir Robert Armstrong should discuss further with Permanent Secretaries, as a prelude to a meeting under your chairmanship.

ii. I should agree with Cabinet Office a tight timetable to work towards an early meeting chaired by you to get the work properly on the road?

Yes MT

DRN

DN

30 October, 1985.

014/114

CC BG.

CONFIDENTIAL

FROM: CHIEF SECRETARY
DATE: 29th October 1985

PRIME MINISTER

INNER CITY YOUTH

WITH MEA?

I have seen a copy of Douglas Hurd's recent minute to you.

2 I am sure Douglas is right to concentrate on the need to use additional programmes and money more effectively to deal with what we see as the priority needs. There must be a clear presumption against additional funding.

3 I hope that the further work will take into account the four objectives for urban policy recently agreed by MISC 104 and consider how more specific objectives can be set within those main objectives, to deal with the priority needs.

4 I suggest that whatever inter-departmental group is set up to examine this might be asked to report back with more specific proposals as quickly as possible. The Treasury would like to be associated with this further work.

5 I am copying this minute to other members of the Cabinet, the Chief Whip and Sir Robert Armstrong.

John MacGregor

JOHN MacGREGOR

210

CC B

B

CONFIDENTIAL

CABINET OFFICE,
WHITEHALL, LONDON SW1A 2AS

Chancellor of the Duchy of Lancaster

Tel No: 233 3299
7471

28 October 1985

The Rt Hon Douglas Hurd MP
Secretary of State for the
Home Department
50 Queen Anne's Gate
LONDON
SW1H 9AT

D Douglas,

INNER CITY YOUTH

WITHHELD?

Thank you for copying to me your recent minute, received here on 23 October, to the Prime Minister.

I agree that we should look continually to improve the effectiveness of our existing programmes and spending. Along with this, we might aim to make our programmes more visible, and more obviously co-ordinated. I know that this is a part of the work of the City Action Teams for their areas, and I hope that we can impress on Departments the need to break down Departmental distinctions and show that central government is already playing an instrumental role in stimulating inner city regeneration.

As to the question of the creation of a new agency, I think we must tread very cautiously. The attraction of the precedent of the London Dockland or Merseyside Corporations as a means of attacking the problems of particular areas may well be that they have a specific and well-defined task, undertaken by professionals or businessmen operating largely in their own sphere. It is not immediately obvious that the successes of the DCs in infrastructure improvements can be reproduced in regeneration of an area in the wider sense which you describe. The concept is fine, but where will the idea take us? Who are the people likely to be running such an agency; from where will the staff be found? What powers is it to have? What finance; would we simply be creating another engine for public spending? I realise that these are not questions which can be answered now, but they are suggestive of the difficulties.

Unless we were so bold as to take functions, for example education, away from existing authorities and put them into the agency, we may find that it is not easy to place a direct emphasis on people. Perhaps therefore we should direct the agency towards a

physical task of redevelopment, and seek to draw in the energies of the local community to supporting this work.

At the same time, I think we may well need to be pursuing a political campaign to turn the sentiment of local communities firmly against those who are active in their areas, and exploiting the alienation of young people, under the banner - less covert as time passes - of "turning riot into revolution".

I am copying this letter to the Prime Minister, other members of the Cabinet, the Chief Whip, and to Sir Robert Armstrong.

Yours
Norman

NORMAN TEBBIT

CC HB

Ref. A085/2729

PRIME MINISTER

Inner City Youth

with DW?

In his minute to you of 23 October the Home Secretary reports on a meeting he had with some Cabinet colleagues after the Cabinet meeting on 15 October, and he suggests a somewhat new direction for urban policy in the light of the recent disturbances. As the Home Secretary indicates, a new policy initiative in this area would probably carry with it some implications for current arrangements for policy co-ordination and development. The Secretaries of State for Employment and the Environment have commented on the Home Secretary's minute.

2. Urban policy was reviewed in MISC 104, under your chairmanship, in July-November last year. The starting point for that exercise was the "Urban Policy and Programme Review", which essentially applied FMI techniques to an analysis of the Urban Programme itself; the report to the group of 21 November 1984 (MISC 104(84) 10) summarised a range of options for enabling the Government to get better value for its spending in the inner cities. The exercise concluded with the establishment of the MISC 116 group, which is designed to oversee much better co-ordination of departmental activities in the five partnership areas, through the City Action Teams.

3. In considering the Home Secretary's minute, then, the first thing is to establish what new aspects he is raising that we did not consider or emphasise in last year's work. It seems to me that he is making three essential points in the aftermath of the riots.

(i) That an initiative should specifically focus on inner city youth.

(ii) That there should be more emphasis on people (rather than on infrastructure aspects)

(iii) That it should be acknowledged that at the heart of the problem there are pools of totally alienated, virtually unemployable young people, mostly black.

4. As things stand at present, the Government's response to the riots has been a firm and very necessary commitment to the police and a refusal of any judicial inquiry on the lines sought by the Opposition. It is still an open question whether that is a sufficient policy in itself, or whether the Government should set in train a complementary line of policy development on, or similar to, the lines sketched in by the Home Secretary. It is to be noted in that connection that Mr Hurd ended his speech in the debate on the disturbances on 23 October by saying that "most strenuous and imaginative work will now be required".

5. The dangers in this are obvious. A meaningful response to the Home Secretary's third point - the total alienation of the groups we are talking about - could well involve supporting some highly innovatory activities, though some of this might be better managed through voluntary organisations rather than by direct departmental involvement. On the other hand, and given the history of frequent reviews of urban policy by administrations of both complexion, there must be a risk of raising expectations that cannot be fulfilled. Nevertheless, there would be considerable advantage to be won if the immediate response to the riots, summarised above, could be filled out by a complementary initiative, though the Home Secretary's minute does not give us anything like a sufficiently precise agenda on which to proceed.

5. You may prefer to hold a meeting yourself with the departmental Ministers concerned, for a general discussion of policy objectives, before considering how further work would best be carried forward. But there is a good deal of "jockeying" among

Departments in this field, and it might be useful that, by way of preparation for a Ministerial meeting under you chairmanship, I should discuss this further with the Permanent Secretaries involved, so as to clarify departmental attitudes both on policy objectives and on means of co-ordinating action in pursuit of them.

6. If you agree to approach the matter in that way, it would be appropriate to defer consideration of the co-ordination machinery until the policy objectives are clearer. At this stage, however, I doubt whether the MISC 116 group is appropriately constituted to carry forward a significant initiative in their field; I would judge that a new Ministerial group (or possibly a rearranged MISC 104) would need to be established for the purpose.

AS

for ROBERT ARMSTRONG

Approved by Sir Robert and signed in his absence

28 October 1985

cc BG

PRIME MINISTER

with MSA?

1. I have seen the Home Secretary's minute to you about the meeting he, I, the Paymaster General and the Secretary of State for the Environment had on inner city and ethnic minority issues. The minute well summarises our discussion and the points to which we all thought we would need to give attention.

2. It is of course only a year since many of these issues were thoroughly considered under your chairmanship in MISC 104. The conclusion we reached was that spending by Government Departments in inner city areas needed to be better co-ordinated and targeted and also that we should be ready to take more credit for the substantial spending that was being carried out. The means we chose for securing these objectives were the City Action Teams. These were brought into operation earlier this year in the partnership areas; London, Liverpool, Birmingham, Manchester and Newcastle.

3. It is still too early to pass judgement on the initiative. In some areas progress is being hampered by recalcitrant local authorities who under current rules have an effective veto on certain types of expenditure notably under the Urban Programme. Nevertheless I have recently completed a round of bilaterial discussions with the Teams which have confirmed that they have launched a number of useful initiatives linking different Departments' programmes in ways designed to stimulate employment and enterprise. I will be discussing with colleagues from other Departments how we can

develop the work of the Teams further in MISC 116 next week. In particular, we will be looking at the scope for associating the 'social' Departments DES, Home Office and DHSS, which do not have established regional structures, more closely with the work of the Teams (which consist at present of a core of regional representatives of DoE, DTI and my Department). We must then take steps to target total Government expenditure better on the problems which recent events have highlighted. That could mean, for example, further action to ensure that all programmes are effectively reaching particular ethnic groups.

4. In order to generate growth and employment we need to concentrate our efforts more than we do at present on the existing businesses to be found in inner city areas, and on the development of new business by local inhabitants. In many areas we cannot realistically hope to attract major new investment from outside; the countervailing pull of other areas is too great. We have therefore to encourage enterprise from within. This may involve not only the knitting together of Government schemes of loans, grants, training, workshop provision and advice, as some of the CATs are now attempting, but also redoubled attempts to get others, such as the banks to help, or at the very least not to discriminate against, people and areas such as these.

5. We also need to concentrate our efforts more on the

people living in these areas and less on their fabric. The experience of Handsworth suggests that expensive programmes of "enveloping" and other environmental improvement managed from outside is not enough. We need to give local inhabitants more of a stake in what is being done, so that there is a sense of "ownership" of projects designed to improve and develop their areas. This could mean a sustained effort to involve the communities and their leaders in the running of projects as well as further targeting of schemes on the population of particular problem areas.

6. In the shorter term I think these and other changes of approach to inner city problems could be steered through the machinery of City Action Teams. Whilst it is early days to be judging the Teams' effectiveness, it is not too early to be considering ways in which their role could be developed in response to recent events.

7. Beyond this I join with colleagues in seeing attractions in urban development agencies or corporations such as that in Docklands. Although more radical approaches of this kind would take time to establish I do not think we should close our minds to them given recent events and in particular the potential of local authorities to act as stumbling blocks to progress. However, in the light of the sort of areas we have in our sights it would be important that any such agencies concentrated on "people" issues as well as matters of land use and physical improvement.

8. I also think we would do well to take a fresh look at American experience of tackling problems of this sort. American cities have faced similar difficulties and for the most part have successfully come through them, essentially by making the deprived sections of the community feel more a part of it, particularly in an economic sense. I think we have useful lessons to learn from them. In particular we need to explore further ways of removing barriers which stand in the way of blacks obtaining both public and private sector jobs and setting up their own business. In my own Department's field I think we could do more to ensure that full advantage is taken of the positive action provisions in the Race Relations Act to provide training for blacks in higher level occupations. We may also wish to consider a wider campaign of education and persuasion aimed at employers and others.

I am copying this minute to other members of the Cabinet, the Chief Whip and Sir Robert Armstrong.

D Y
25 October 1985

24.

CONFIDENTIAL

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SECRETARY OF STATE FOR THE ENVIRONMENT

PRIME MINISTER

INNER CITY YOUTH

I broadly agree with the Home Secretary's analysis set out in his minute to you of 23 October. The objectives of urban policy were agreed in MISC 104 last year and our approach to the particular problems of inner city youth can best be seen in that context.

URBAN POLICY OBJECTIVES

These are:

- alleviating housing stress;

- tackling dereliction;

- increasing job opportunities and improving employability particularly through better training;

- reducing dependence on social services and encouraging self-help.

These objectives relate both to the physical and economic regeneration of urban areas, and to the people who live there. The objectives are inter-linked and the programmes of several Departments are relevant to their achievement,

DELIVERING OUR OBJECTIVES

My Department has particular responsibilities for housing and environmental improvement, and making land available for development, so as to make these areas more attractive to private investors. These activities represent one part, but only one part, of what needs to be done.

Housing, derelict land, and Urban Programme resources are allocated by reference to carefully evaluated local needs. For the Urban Programme, in particular, we have detailed control over the use of those resources and arrangements are in place to appraise projects, quantify inputs and outputs, and to strengthen targetting and management within a framework of agreed local objectives. We have successfully persuaded local authorities to co-operate with us to improve the management of the programme and I am determined to maximise value for money. Though the Urban Programme is our most visible initiative to tackle inner city problems, it obviously cannot do the job on its own. That is one reason why the City Action Team initiative was launched, in order to coordinate the efforts of Departments.

The problems of inner city youth, particularly those from the ethnic minorities, seem often to relate to poor educational achievement, lack of motivation and low skills, and the lack of jobs which could be created locally. If therefore we are to make progress in this area I suggest that the targetting of programmes directly related to education, training and job opportunities needs particular emphasis. We may wish to look at, in particular, whether we need to monitor more closely the impact of the relevant programmes with respect to this particular group and what further steps could be taken to encourage them to take up, for example, the training opportunities on offer.

LOCAL AUTHORITIES AND THE AGENCY APPROACH

Since these are local problems, we depend heavily on those with local knowledge to tackle them. In many cases good results can be achieved by co-operation between central and local government, working with the private and voluntary sectors. But obviously in some areas councils have been unwilling to co-operate with us in the enterprise of making cities better.

Inflamatory remarks by some local authority leaders are damaging and

dangerous. We should not, however, judge all local authorities in general by reference to Lambeth and Liverpool. Fortunately, many local authorities are responsible, and capable of tackling local problems. This is just as well because it is they that have extensive powers and responsibilities and there is no way that we can by-pass them except on a selective basis.

In some areas I believe much more can be done to attract private investment, to support low cost home ownership and encourage privatisation of council estates, and some local authorities need specific help to improve their areas. But we ought not to have to rely exclusively on the local authority as the channel for delivering programmes and projects.

Therefore John Patten and I are working up proposals to enable us to set up a small number of local agencies which we would directly control. Their tasks would be to reclaim land, bring redundant buildings back into use, increase housing choice, and prepare the way for private investment. The Urban Development Corporation machinery has proved its worth but probably needs some adaptations to tackle the more fragmented pattern of dereliction and decay that exists in other areas.

I am also considering whether my Department should have the ability to make grant payments direct to responsible local organisations so that we do not have to operate solely through local authorities.

To sum up:

a. our urban policy objectives are sensible but their delivery requires each relevant Department to assess what its contribution should be;

CONFIDENTIAL

b. I support the proposals on better targetting. I hope that Colleagues would feel able to develop proposals in respect of their own programmes like our FMI-based Urban Programme Management Initiative, so that targetting and results can be better assessed;

c. we cannot avoid working with local authorities but we should give ourselves a greater degree of freedom and flexibility through development of the agency approach.

I am sending copies of this minute to other members of the Cabinet, and the Chief Whip and Sir Robert Armstrong.

A H Davis
for K B

25 October 1985

Approved by the Secretary of State and signed in his absence

The National Archives

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Extract/Item details: Letter from Kenneth Baker dated 21 October 1985	
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cc OK

A.

Prime Minister

INNER CITY YOUTH

I mentioned at Cabinet on 15 October that I intended to have early discussions with a number of colleagues about ways in which, outside the police context, we might respond to the issues raised by the recent disturbances in our inner cities. I had a preliminary meeting on 17 October with the Secretaries of State for the Environment and Employment, the Paymaster General, the Minister of State for Education and Science (Mr Christopher Patten) and the Parliamentary Under-Secretary of State, Department of Environment (Sir George Young).

We agreed that there were underlying social and economic problems which, while in no way providing an excuse for rioting, remained potent factors in the inner city equation, and that our response to these must recognise in practice that they have a specific ethnic (notably black) dimension. In particular, more effective action is required if we are to prevent further additions to the number of young blacks who realistically have little or no prospect of employment and increasingly see themselves as excluded from the main stream of society. Existing policies and expenditure programmes need to get through to the people, and be seen to do so, if they are to get better value for money in the areas we have in mind.

/At present

At present, an important limitation on what can be done by central government is the antagonism and incompetence of local authorities in some of the areas in which most needs to be done. Yet local authorities are closely involved in the present statutory framework. As we recognised in Cabinet, one way of dealing with that situation might be to create a new agency or agencies, with an appropriate range of powers. We already have the recent precedents of the London Dockland and Merseyside Corporations. A new body might put more emphasis on people and less on the development of infrastructure or the removal of dereliction (not all the areas that need attention are derelict). Any new agency would need to be able to operate flexibly taking account of the particular circumstances of a local area.

The Secretary of State for the Environment is giving further thought to the agency concept, which we all recognised could be politically controversial. It would almost certainly require legislation. For obvious political reasons it would not be confined to areas where there have been riots.

More immediately, our task is to find possible ways of using existing programmes and money more effectively. Programmes for education, training, and employment could be explicitly targetted on the youth of the inner cities. The communities there (whose views may not be the same as those of the local authorities which claim to represent them) should be involved in finding solutions; the prize would be a more integrated and orderly society. In practice we might want to concentrate initially on a few selected places. We identified several existing programmes which already

/deploy relevant

deploy relevant resources with the assistance of local administrative structures:

- The MSC programmes and the Area Manpower Boards:

- The Home Office Grants under section 11 of the Local Government Act 1966 for local authority expenditure to meet the special needs of what were then called Commonwealth immigrants;

- DES programmes and grants;

- Programmes and grant-giving powers of other Departments (eg DHSS and DTI);

- The Urban Programme with the Partnership Committees and Inner Areas Programmes;

- The City Action Teams (on which DOE, DTI and MSC are represented and which other Departments are associated) are developing a co-ordinated approach in the seven Partnership areas.

All these existing programmes already have resources, without at this stage considering the case for extra money eg for community-based arrangements. They need to be looked at again in the light of the more explicit targetting to which I have already referred.

/If you agree

If you agree with this general approach, the re-examination of the application of Government programmes, which I started to discuss with colleagues on 17 October, will need impetus and co-ordination. You may wish to consider whether we need separate machinery at Ministerial level. We already have MISC 116, the Ministerial Group on Urban Policy, which is supervising the work of the five City Action Teams. One possibility in the first instance would be to extend the remit of that group. Or you may think it more sensible to start afresh.

I doubt if it is for the Home Office to take the lead. But the Home Office and other Departments will continue to develop under existing arrangements their work on crime prevention and on specific measures in the race relations field.

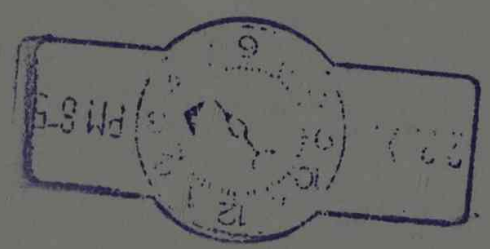
I propose to refer to these matters in only the most general terms in Parliament this week.

We may have to reconcile ourselves to the fact that a number of our cities now contain a pool of several hundred young people whom we have not educated, whom it may not be possible to employ, and who are antagonistic to all authority. This is a thoroughly dangerous situation. I am sure we shall need to think hard and imaginatively of ways to prevent that pool being constantly replenished.

I am sending copies of this minute to other members of the Cabinet, the Chief Whip and Sir Robert Armstrong.

Douglas Hurd.

23 October 1985



Not submitted
pa

Prime Minister:
Agree to these suggestions?

1

PRIME MINISTER

16 October 1985

21/10

INNER CITIES

You recently expressed interest in some of our ideas for urban revival. We have taken these to David Young and Kenneth Baker, who are enthusiastic; and Douglas Hurd has independently come forward with some very similar schemes.

To keep up the momentum, you could:

1. Write to DoE and D/Emp, asking both departments officially to prepare an agreed paper.

2. Invite the relevant Ministers to an informal working breakfast ~~on 20 November~~ to discuss the general lines of a new inner city package. (This preliminary discussion will help officials to draft the paper, and will cut down time-wasting departmental correspondence.)

3. Set up a formal meeting to discuss the DoE/D/emp paper in early December.

At the breakfast, you could discuss:

- What steps can be taken to link development projects to crime prevention?

- What kind of agencies are needed to develop the inner city wastelands: do City Action Teams or Urban Development Corporations provide models?

- How can the private sector be brought in at an early stage to provide both cash and energy?

- How can low-wage MSC schemes (CP, YTS, etc) be used to provide necessary labour at low cost and with high employment effects?

- How can deregulation be used to generate a freer market and more long-term jobs in the inner cities?

It is important to work quickly, to prevent the Government's opponents stealing the show. We suggest that you should aim to announce a new package in January or February at the latest.

Oliver Letwin

OLIVER LETWIN

lle

VC.

10 DOWNING STREET

From the Private Secretary

4 October 1985

GOOD NEWS

The Prime Minister was very grateful for your Secretary of State's minute of 3 October about the new financial centre proposed for London's Docklands. She agrees that this is indeed good news, with the big increase in employment which it would provide and the boost which it would give to the area generally. She has noted that a great deal of new infrastructure would need to be constructed, and she believes that the developers should be encouraged to provide the maximum possible finance for this. The Consortium's willingness to finance the extension of the Light Railway to the Bank is encouraging, though no doubt the terms will need to be watched.

I am copying this letter to Tony Kuczys (HM Treasury), Paul Pegler (Chief Secretary's Office), Ben Glatt (Department of Transport), Michael Gilbertson (Department of Trade and Industry), Chris Snell (Department of Employment) and Joanne Barnes (Chancellor of the Duchy of Lancaster's Office).

DAVID NORGROVE

Alan Davis, Esq.,
Department of the Environment.

10 DOWNING STREET

MT

Prime Minister

Good news – but the smell of extra bids for public expenditure.

Agree that this is good news, and that the private developers should provide the maximum possible private finance for the infrastructure that will be needed?

DRN
4/10.

Yes MT

CC NO

SECRETARY OF STATE FOR THE ENVIRONMENT

PRIME MINISTER

GOOD NEWS

Yesterday I met the American bankers and developers who want to build a huge new financial centre in London's Docklands. The scheme, on Canary Wharf in the Isle of Dogs Enterprise Zone, would cost £1.5bn or more at current prices - its size is 10m sq ft. At its full scale, the development, over 10 years, would provide 45,000 jobs, some 36,000 of them new, and at least as many again in supporting service activities. The Consortium chose Docklands because existing City accommodation cannot satisfy the operational needs of large clear floor spaces for dealing rooms with advanced communications technology of the new financial groupings that are fast developing. They are confident that a number of other financial institutions would join them in the first phase of between 2m and 3m sq ft; they expect this to be confirmed in a matter of weeks.

The Consortium first met signs of scepticism, even some hostility, in City circles; but now the City recognises that Canary Wharf will be a boost for the City rather than a damaging competitor, particularly if the Dockland Light Railway is extended to Stolport. I believe they are right about that.

The scheme has been developed in negotiation with the LDDC - the major landowner - who are currently considering an outline proposal from the Consortium. If everything were to go well, formal agreements between the two bodies could be concluded before the end of this year. If that were to happen a start on site could be made next Spring.

The road and rail links are key. The Consortium want to extend the Light Railway westwards to the Bank. They will finance this themselves. A Bill to permit this is in preparation by LRT for the current session, though much work is required to keep to the timetable for private Bills, which must be laid by 20 November. Nicholas Ridley has before him an application for his consent to lay the Bill. The attitude of the City to the Bill will be a touchstone of their attitude to the scheme as a whole.

The Consortium attach almost as much importance to the early upgrading of road access to the Isle of Dogs, particularly early construction of the Docklands Northern Relief Road which will provide an alternative to a congested section of the A13. Officials are in discussion about both rail and road matters.

Development on the scale proposed would require additional works to local roads, sewers and main services. It is too early to say whether the cost of this infrastructure can be met from LDDC's currently proposed resources, though for a scheme of such importance, I should not willingly permit this to be an obstacle.

Finally, certain parts of the proposals could come formally before me under planning procedures. Because of that, and the other points that I have mentioned, we can't yet publicly register our wholehearted support for what is clearly an enormous catch for Docklands and indeed for London.

I think you would find a presentation of the scheme fascinating. It is visually stunning.

I am copying this to Nigel Lawson, John McGregor, Nicholas Ridley, Leon Brittan, David Young and Norman Tebbit.

K.B.

K B

3 October 1985

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434
My ref:

Your ref:

13 September 1985

Prime Minister (2)
All this assistance is that provided through Partnership money. It excludes YTS and Community Programme assistance, eg. MEA 13/9

Dear David

HANDSWORTH

My Secretary of State was asked at yesterday's Cabinet to provide a short note for Ministerial colleagues on the support that the Government has given to Handsworth through the Birmingham Inner City Partnership. The note is attached.

I am sending copies of this letter and the note to the Private Secretaries to all Cabinet Ministers, with a request that they let other Ministers in their Department have copies, and to Richard Hatfield.

Yours sincerely

Alan Davis

ALAN DAVIS
Private Secretary

David Norgrove Esq

Inner cities

HANDSWORTH AND THE BIRMINGHAM INNER CITY PARTNERSHIP

The Birmingham Partnership, under the chairmanship of the Secretary of State for the Environment, brings together Central Government, the Birmingham City Council, the West Midlands County Council and the Health Authorities.

Since 1979 it has spent £130m. Handsworth is a priority area, and has received £20m in the last 4 years.

£14m has been spent on housing enveloping schemes which involve the wholesale external renovation of private properties at no cost to their owners and represent a better economic proposition than clearance/redevelopment. The Government contributes 75% of the money on Urban Programme (UP) schemes; the local authority finds 25%. Enveloping schemes are also subsidised by Central Government.

Nearly all the investment has been achieved since 1981, and assertions, based on the 1981 Census figures, that Handsworth has been neglected or is full of crumbling housing are wide of the mark.

Examples of Government funded projects in Handsworth are:

Housing Enveloping: to date 6,300 properties improved; another 1,000 in the pipeline. This has involved UP expenditure of £2.7m and housing expenditure of £14m. The UP has also supported schemes to improve houses in multiple occupation and to help unemployed young blacks to refurbish empty houses for reoccupation, often for themselves.

Shopping. £2.75m has been spent on the systematic upgrading of shops in Soho Road, Lozells Road, Villa Road, Dudley Road.

Health. A new health centre has been built in the Soho area, at a cost of £0.4m. The Partnership has also funded specialised health workers and investigations relevant to dietary, health and child care needs of black and Asian families.

Leisure and Recreation. £0.5m has been spent on the improvement of Handsworth Park (62 acres) and the associated Sports Hall. A Play Centre at the Sports Hall is to be built at a cost of £150,000. Other sport and play facilities have been built or improved, and Grove Lane swimming pool is to be replaced at a cost of £1.4m.

Economy and Employment. £3m has been spent on industrial developments close to the residential area, including Camp Lane, Soho Road and Avenue Road. £1.5m has been spent on schemes to train and counsel black offenders for work and skills training courses at Handsworth Technical College.

Community Relations. "Lozells Project" pioneered community policing (UP cost £0.25m).

Social Fabric. Well over 100 other schemes have been supported under UP, includes projects which promote self help among ethnic minorities, such as the Handsworth Cultural Centre (£0.3m), Muhammed Ali Centre (£0.25m) and Community Transport (£0.5m), and projects encompassing day nurseries, provision for ethnic minority mentally ill, single homeless, interpreters for minority languages, lone mothers and children, Asian women groups, childminder visitors.

BACKGROUND NOTE ON HANDSWORTH

The area in which the disturbances took place lies around the junction of the City Wards of Handsworth, Soho and Lozells. Together these three Wards contain 88,000 inhabitants, about 9% of Birmingham's population and about 30% of the core area covered by the inner city partnership. About half the population is black or Asian, fairly evenly divided (it is the Sikh stronghold in Birmingham). It is a residential area, housing mainly built for Victorian artisans, with shoppping along the Soho and Lozells road, but with little industry or scope for industrial sites. In consequence the contribution of the Urban Programme in this part of the City has mainly been on housing and environmental schemes and on support for community enterprise and voluntary groups among the large ethnic population.

Unemployment in Handsworth is high - 40% total unemployment in June 1985; less than 35% car ownership (1981 Census); demand for training places in (white-run) schemes is low. There is however no evidence to suggest that Monday's rioting was a product of community resentment about the physical conditions of the inner city; and several of those community leaders whose projects the UP supports have come forward as peacemakers. There are no grounds for concluding that the Urban Programme has failed in Handsworth or that major new investment in the area is needed, but it will be important to continue support, in particular for responsible black leaders.

Handsworth/Soho/Aston Wards (1981 census figures except where shown)

Population (est 1984)	88,000 9% of City population	
Persons in households with head born in New Commonwealth	Aston 38% Handsworth 55% Soho 62%	) 49% overall
Owner-occupation	Aston 22% Handsworth 51% Soho 51%	
Car-ownership	under 35%	
Unemployment (June 1985)	11,700 (40%)	
Youth unemployment (16-19) (Jan 1985)	54%	
Young blacks unemployed (est)	60% +	

CONFIDENTIAL

cc/ob

Minister for Local Government

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 3434

21 August 1985

Dear Nick,

NBPM.

PLA and LDDC: ACQUISITION OF ROYAL DOCKS

Thank you for your letter of 8 August to Patrick Jenkin explaining that David Mitchell has obtained the PLA's agreement to reduce the premium on the existing lease by £1.2m.

I have to say that this has not taken the matter as far as we had hoped, following the E(A) discussion, to bring the public sector cost of the lease into line with that of vesting. We would nonetheless be prepared, reluctantly, to accept the revised deal in view of the overriding importance of LDDC acquiring the land quickly - and the absence of more effective means of bringing pressure to bear on the PLA. I suspect, however, that Peter Rees will find that the renegotiation has not done enough to close the £7.4m gap, in net present value terms, between the lease and vesting.

If Treasury cannot accept the revised terms and it proves impossible to encourage the PLA further to reduce their demands we will have to report back to E(A) that we have been unable to make progress on the lines proposed. If it came to that, I should have to advise Patrick that, in the interest of getting an effective decision made, he should reopen the possibility of using vesting as a means of securing an acceptable price.

My chief anxiety concerns the effect of further delay on the very momentum that we are all keen to maintain. The holiday season makes this difficult; I believe, however, that the three of us should meet again at the earliest opportunity in order to see whether we can agree on a course of action; and failing that put the issue again to E(A).

I am sending a copy of this letter to the Prime Minister, the Chief Secretary and Sir Robert Armstrong.

Yours ever
Kenneth

KENNETH BAKER

The Rt Hon Nicholas Ridley MP

Regional Policy
Pt 7 Inner Cities

NO

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

8 August 1985

NBPM.

Dear Patrick

PLA AND LDDC : ROYAL DOCKS

At the meeting of E(A) on 31 July, when we discussed the agreement between the PLA and the LDDC for the lease of land in the Royal Docks, it was agreed that the suggestion of transferring the land by vesting Order should not be pursued. However I agreed to approach the PLA to see if they might be prepared to agree to some reduction in the costs of the deal.

David Mitchell saw Sir Brian Kellett on 6 August and explained the difficulties which we face. David pressed Sir Brian very hard, and eventually Sir Brian agreed to a reduction of £1.2m. in the facilitation fee payable under the terms of the lease.

I made clear at E(A) that I thought that £1m. was the very most that we could expect the PLA to agree to, and indeed I think we have done well to get them to go so far. I certainly do not think they could be pressed to go any further. Kellett made clear to David Mitchell that, by reducing the terms of the lease by this amount, we were increasing the likelihood that the PLA will in due course have to come back to the Government with requests for further financial assistance, and having interfered with the terms of the lease in this way it will be the harder for us to resist this. But this is something that we shall just have to live with.

I hope that the terms of the lease can now be quickly settled, to ensure that, as we are all anxious to see, the momentum of redevelopment in this part of Docklands is maintained.

I am sending a copy of this letter to the Prime Minister, the Chief Secretary and Sir Robert Armstrong.

Yours ever

Nicholas

NICHOLAS RIDLEY

PART 6 ends:-

E(A)(85) 17th 31/7/85

PART 7 begins:-

S/S Transport to S/S Env.