

PREM 19/2404

Confidential Filing

Prime Minister's Meeting with
 Archbishop Warlock and Bishop
 David Sheppard of Liverpool.

PRIMEMINISTERNovember 1986.

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16.9.87							
17.9.87							
24.9.87							

PREM 19/2404

CC/36



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

David Norgrove Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Prime Minister ²

24 September 1987

DoE are giving us
encouragement to consider
limer.

2/25
20/11
top enclosure

Dear David,

Thank you for your letter of 17 September following the Prime Minister's meeting with Archbishop Worlock and Bishop Sheppard.

You asked for a note for the Prime Minister explaining how the process of "redetermination" operates within the system of rate limitation. I enclose a note which outlines the process and indicates the aspects which may be worrying Liverpool City Council. My Secretary of State did of course encourage a constructive approach to expenditure control when he met Councillors on 4 August and he indicated that he would look at any application for a redetermination positively. He made clear however that he could not give any commitments in advance of seeing their case. He believes that must remain the position if we are to maintain the rate limitation policy both for Liverpool and the other authorities concerned.

I am copying this letter to Joan Turner (Department of Employment) and Tim Walker (DTI).

Yours,
Robin

R U YOUNG
Private Secretary

CONFIDENTIAL

RATE LIMITATION: REDETERMINATION OF EXPENDITURE LEVEL

The general system

1. When an authority is designated for rate limitation in July, it is notified of the "expenditure level" (EL) which the Secretary of State has determined for it on certain general principles. (In the case of authorities like Liverpool selected for 1988/89, the EL was set at 6% above actual spending in 1986/87.)
 2. The authority is then entitled to apply to the Secretary of State for that EL to be redetermined at a higher level. It is required to submit a written case, accompanied by specified financial information, by a fixed date (this year by 16 October). It then normally has the opportunity to make representations in support of the application at a meeting with a DOE Minister. No adjustment to an E.L. can be made without a proper application.
 3. Ministers' decisions on any applications are announced in December. The EL - either the original figure or a redetermined one - is then translated into a proposed rate limit, taking account of the block grant the authority is likely to receive under the RSG settlement and, possibly, financial reserves: a higher EL means a higher rate. A further period is allowed for representations from the authority on the rate limit. If no agreement is reached, the rate limit is fixed by an affirmative Order in the Commons in February/March.
- The 1988/89 round
4. In earlier rounds, ratecapped authorities have been reluctant to apply for redetermination of their ELs. In part this was simply a posture of refusing dialogue with Government because of objections to the policy. But authorities claimed also to fear

the power given to the Secretary of State under the Rates Act to respond to an application by attaching conditions to any increase allowed in the EL, or even by making a reduction in the EL. In earlier rounds Ministers have sought to remove that fear by undertaking not to reduce an EL nor to impose any conditions on a higher EL if the application was limited to dealing with problems caused by an authority's past use of creative accounting. A number of authorities applied on that basis.

5. Now that authorities are familiar with the ratecapping procedures and the consequences of creative accounting, the Secretary of State has decided not to renew the undertaking for the 1988/89 round. Some authorities have indicated that this has again made them nervous about applying for a higher EL.

6. The use which the Secretary of State will make of conditions - if he does so at all - will depend very much on an authority's individual circumstances and the case it brings forward. Conditions, which can be imposed only if an increase is granted, may relate to an authority's expenditure and financial management. The Department is consulting Counsel about the precise application of the provisions.

7. One possible condition about which the leadership in Liverpool appear particularly wary is a requirement to increase council house rents - effectively by limiting the contribution the Council can make from its rate fund to its housing revenue account. In principle, however, because housing costs are such a large item in ratecapped councils' spending, this is an option for securing restraint that Ministers would not want to rule out at this stage.



PRIME MINISTRE : Archbish
NOV 86

CONFIDENTIAL

ARCHBISHOP'S HOUSE,
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TEL: 051-722 2379

18 September 1987

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Your Prime Minister. ⁴ SEP 21/9.

pa.

May I thank you most sincerely for the very kind way in which you received Bishop David and me yesterday. It was good of you to spare the time and to listen to us so patiently.

Your promised consideration of the points we brought you was most encouraging and you may be sure that we will follow up the various suggestions you made. Your kind interest in the various initiatives we take jointly in these parts means a great deal to both of us.

Yours very sincerely

+1
Neil Horak

SUBJECT
C.Master

CONFIDENTIAL



fe saw
c Ba.
Meeting Read

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 September 1987

Dear Robin,

MEETING WITH THE ARCHBISHOP AND BISHOP OF LIVERPOOL

The Prime Minister today met Archbishop Worlock and Bishop Sheppard.

Archbishop Worlock said that he and Bishop Sheppard had come away from their meeting with the Prime Minister in January determined to encourage good people to stand for election in Liverpool. Some had. Labour had just about regained a majority and there was now every sign of integrity and a desire to cooperate. Councillor Rimmer was an admirable man. There were perhaps 17-18 very left-wing councillors but whereas before there had been 2 practising Christians on the council now there were at least 14. Many of the councillors were inexperienced and immature. (Archbishop Worlock then reported his meeting with Mr. Ridley of 4 August, in much the same terms as set out in the briefing for the Prime Minister.) Councillor Rimmer was trying to decide whether to ask for redetermination. Archbishop Worlock felt that if he could survive the elections next May his position would be reasonably secure. If not, the Militants would take over almost immediately, or perhaps after a period of Liberal rule. Councillor Rimmer was a man of great integrity, though under great pressure, and both he and many of the chairmen of committees were firmly anti-Militant.

Bishop Sheppard agreed with this assessment. The new leadership had stood up to the Militants who had led a strike by grave diggers. The new leadership had also met Merseyside Development Corporation. They were however very anxious about the budget deficit of £40 million now in prospect. This was an inheritance that was no fault of the present Council. Councillor Rimmer had said privately that he was inclined to go for redetermination. He would do nothing illegal. It would be a great help if Mr. Trippier could meet Councillor Rimmer when he came to Liverpool, and particularly if Mr. Trippier would give a signal that if the Council were to ask for redetermination the Government would help by for example allowing a three year transition. As part of this transition it would help if the Council were not obliged to put up rents against their election pledges. They might then be able to avoid giving a further pledge before the elections next May and should be able put up rents thereafter. The

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increase in rents might be worth around £9 million and a 9% increase in rates around £12 million. This would still leave a shortfall of £19 million. The Archbishop added that the Council would go for redetermination if they felt that the cuts could be discussed with them. If they felt that increased rents were top of the list for spending reductions and this was a precondition for redetermination then they would not seek it. But if they felt that a range of things could be discussed then they would.

The Prime Minister pointed to the overmanning of Liverpool Council and the concern that there was continuing Militant strength in Liverpool, illustrated by the decision to reinstate the Urban Regeneration Strategy and the cancellation of an efficiency audit proposed by the interim Liberal administration. There could be no assurance that Councillor Rimmer would hold his position and help given could therefore fall into the wrong hands. The Government would need to be sure that there was a fundamental determination to tackle the problems. Creative accountancy would not be enough. It was sometimes easier to make sharp changes than to make changes slowly. She would enquire into the mechanics of redetermination, but it would be no good to come to redetermination and then protest that they could not do the difficult things. The Government also had to take into account the repercussions on other Councils (for example, Manchester, Camden, Southwark, Lambeth and so on) of discussions between the Government and Liverpool.

In discussion of other matters, the Prime Minister assured the Bishops that in looking at the problems of inner cities the problems of peripheral estates were also very much in mind. The Archbishop described the success of the Eldon Housing Corporation on the former Tate and Lyle site. Bishop Sheppard said that the housing associations were supportive but it was often difficult to get Government departments to work together. There were reports that the City Action Team was a "dead letter". (The Bishop however referred approvingly on other points to the work of the Task Force.) The Manpower Services Commission was now spending amounts of money through voluntary associations far larger than they would usually have handled. The quality of management in the spending of this money was not always good and there was too high a turnover of supervisors. The Manpower Services Commission should give greater attention to ensuring good management. At the Bishop's suggestion, the Prime Minister invited him to discuss this and other matters with Mr. Sorensen.

The Prime Minister asked advice on whether she should visit Liverpool. The Archbishop felt it would be desirable to make some cooperative contact between the Government and the Council before the Prime Minister visited. Councillor Rimmer had said that he would receive the Prime Minister. The Prime Minister undertook to reflect on this.

After the meeting with the Prime Minister I discussed with the Archbishop and Bishop the question of redetermination which they had touched on. Their assessment of what

Councillor Rimmer would wish to see was not easy to pin down (even though they appeared to some extent to be speaking on his behalf). They repeated the points they had made in the meeting, but the Archbishop evaded the question whether or not Councillor Rimmer had ruled out an increase in rents. The Archbishop said this was "all very Liverpool".

Could you please let me have a note for the Prime Minister's use on how redetermination works?

I am copying this letter to Eric Sorensen (Department of the Environment), John Turner (Department of Employment) and to Tim Walker (Department of Trade and Industry).

Yes,
David.

D. R. Norgrove

Robin Young, Esq.,
Department of the Environment.

New file ?

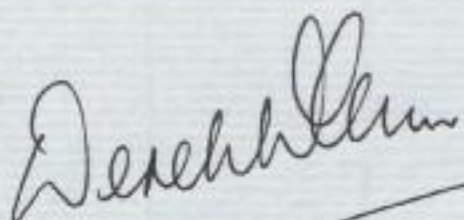
PRIME MINISTER

MEETING WITH ARCHBISHOP WARLOCK AND BISHOP SHEPPARD

This meeting is at the request of the Bishops.

The Bishops will no doubt argue that the Liverpool Council have had a change of heart. This is not at all clear. While the Leader of the Council and some of his colleagues are certainly now more co-operative, Militant are still in a powerful position. The Department say that the most significant Council decisions so far seem to have gone Militant's way - the reinstatement of Liverpool's highly expensive urban regeneration strategy and the cancellation of an efficiency audit proposed by the interim Liberal administration.

Liverpool has huge scope for making savings. Among other things, the Council employ the same number of men and dustcarts for a population of 500,000 as were employed when the population was 700,000.



David Norgrove

PP. David Norgrove

16 September 1987



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My ref:

Your ref:

David Norgrove Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

16 September 1987

Dear David,

MEETING WITH THE ARCHBISHOP AND BISHOP OF
LIVERPOOL

Thank you for your letter of 4 September.

I attach briefing on some of the issues that
may be raised with the Prime Minister.

Yours
Alan R

A D RING
Private Secretary



PRIME MINISTER'S MEETING WITH BISHOPS - 17 SEPTEMBER 1987

BRIEFING

ANNEX A - GENERAL ISSUES

ANNEX B - PRESENT POLITICAL SITUATION

ANNEX C - FINANCIAL SITUATION

ANNEX D - INNER CITY PARTNERSHIP PROGRAMME & CAT

ANNEX E - PREVIOUS MEETINGS BETWEEN PRIME MINISTER, SECRETARY
OF STATE AND BISHOPS

APPENDIX - NOTE OF SECRETARY OF STATE FOR THE ENVIRONMENT'S
MEETING WITH LIVERPOOL CITY COUNCIL 4 AUGUST 1987

PRIME MINISTER'S MEETING WITH THE ARCHBISHOP AND BISHOP OF
LIVERPOOL - 17 SEPTEMBER

GENERAL ISSUES

In their letter of 16 June to the Prime Minister, Bishop Sheppard and Archbishop Worlock raised two main points; the need for some sort of public reconciliation between the new "moderate" Labour administration and the Government and the possibility of a new "Minister for Merseyside". The Prime Minister's reply expressed cautious optimism about Liverpool City Council's alleged change of heart and looked to the Council's attitude towards Mr Ridley on 4 August to furnish some proof of Liverpool's new willingness to co-operate.

On the question of a "Minister for Merseyside", this concept was firmly rejected by the Prime Minister on the grounds that, as all inner cities have many problems and solutions in common, it is important that no single area be seen to be the special province of a particular Minister. The Bishops are likely to continue to press the Minister for Merseyside line.

The Bishops are likely to raise the question of the "change of heart" on the part of the Liverpool City Council administration. While it is true that Councillor Rimmer, and certain of his colleagues who chair major Council Committees have indicated a willingness to co-operate with the Government, it is far from certain that they can force such policies through their Council. Councillor Rimmer was subjected to severe criticism within his Labour Group because of what they regard as his "soft" attitude to the Government. It is far too early to say for sure that there has been a significant shift in the policies of the Council. The major test of their alleged new attitudes will come when they consider the steps to be taken to reduce their £40 million revenue deficit in 1988/89.

Liverpool's ratecapping next year might be raised at the meeting. The Council have yet to decide whether to ask for a re-determination, though it is highly likely they will. No detailed

discussions can take place, of course, prior to any application, when the Secretary of State will examine Liverpool's case thoroughly.



LIVERPOOL CITY COUNCIL - PRESENT POLITICAL SITUATION

The ruling Labour Group have elected a "traditional moderate" as Leader - Councillor Harry Rimmer, previously Deputy Leader of Merseyside County Council. Though most major Committee Chairs are held by non-Militants, Militant influence is still strong and the power structure within the ruling Group is still uncertain.

The senior officers are in serious difficulties. Mike Reddington, the Chief Executive, cannot rely on sufficient political backing to re-establish the normal corporate management structures deliberately dismantled by Militant and officers have only partial control over Council business at present.

Councillor Rimmer met the Secretary of State for the Environment on 4 August (note of the meeting at *appendix*). It was evident from the meeting that Councillor Rimmer, and the Chairman of the major Council Committees who accompanied him, are anxious to disown the confrontational attitudes of the previous administration and to cooperate with Government. This is not true of the Council as a whole, however, and Councillor Rimmer received much criticism from within the Labour Group for his reported attitude at the meeting.

It is clear that a struggle is taking place within the Council between the Militant and the moderate elements within the Labour administration. The outcome remains uncertain. However the most significant Council decisions so far seem to have gone Militant's way - the reinstatement of Liverpool's highly expensive Urban Regeneration Strategy and the cancellation of an efficiency audit proposed by the interim Liberal administration.



LIVERPOOL CITY COUNCIL - FINANCIAL POSITION

BACKGROUND

Liverpool City Council have approached their budget making in recent years with a hard line policy of no cuts in jobs and services and no rent increases. This has left a large gap between desired spending and available resources which the Council have filled annually by creative accounting and short term stop gap measures which are building up increasing liabilities for the future.

For 1987/88 the Council agreed a rate and balanced budget relatively early. Their budget required a local rate increase of 14%. However, thanks to the Government's control of the precepts of the joint authorities for police, fire and transport, the general rate increase is less than 5%.

1988/89 REVENUE DEFICIT

The outlook for 1988/89 is bleak. Some £40 million of cuts will be needed by then to balance the budget.

On a wide range of indicators it is clear that Liverpool has huge scope for making savings. On the basis of the latest information available:

- Rent arrears at £7.7 million are more than double the average (8) arrears for Metropolitan Districts;
- Rate arrears at £22.2 million are almost 4 times the class average;
- Council house rents have actually been reduced between April 1983 and April 1986. Increases in line with Government guidelines would have brought in an extra £7 million in 1986/87.



- There are no known services contracted out;
- In 1985/86 there were 65% more manual full time staff per 1000 population than the class average;
- The Council employ the same number of men and dustcarts for a population of 500,000 now as were employed when it was 700,000.

RATECAPPING

Liverpool City Council is to be ratecapped next year because it meets the criteria for authorities not selected in 1987/88, namely that the Council's total expenditure for 1987/88 exceeds its grant related expenditure by at least 12% and exceeds its total expenditure for 1986/87 by at least 6%.

The Council are considering applying for a re-determination. They will not make a final decision however until a meeting of the full Council on 14 October.



INNER CITY INITIATIVES

INNER CITY PARTNERSHIP PROGRAMME

The City Council's provisional allocation for the Inner City Partnership Programme in 1987/88 is £18.5m. Of this sum, £16.2m is taken up with commitments from previous years, leaving only £2.3m for new projects.

For a number of years, the City has refused to comply with Ministerial guidelines for the Urban Programme, particularly in respect of the need to direct a significant proportion of UP expenditure towards economic regeneration. In recognition of this failure to comply with guidelines, the City's allocation for 1987/88 was set at a level £2.8m below that for the previous year. The City's first programme submission, made in February, was rejected on the grounds that it failed to address this problem. A second submission was made, which was also unsatisfactory; but this was withdrawn by the new Labour administration. At a meeting between councillors and the Secretary of State on 4 August, the Leader of the Council agreed to submit to the Department a package of projects to make use of the £2.3m of "new money" which would all be economic. This package was received by the Department recently and is under urgent consideration.

When the City was notified of their £18.5m allocation, they were told that the reduction from the previous year would take the form of a "hold-back", some or all of which could be reinstated if the Council showed signs of bringing the programme more closely into line with Ministerial requirements. They have taken some steps in the right direction, and are now understood to be preparing a package of non-economic projects to be funded from any increase



in the allocation that they might receive. Resource constraints on the Urban Programme nationally, however, make such an increase extremely unlikely, if not impossible.

LIVERPOOL CITY ACTION TEAM

This year the City Action Teams have each been given a project of £1m, allowing them to give direct support to community organisations and projects. Because of its particular status and role, the Merseyside Task Force has a considerable history of forging direct links with the community; it also has considerable experience of seeing potentially worthwhile projects come to nothing because of the intransigence of the Local Authority in Liverpool. As a result, it has been fairly easy for the Liverpool CAT to identify projects which are both worthy of support and able to start quickly; about £800,000 has already been committed. Examples of projects supported include the expansion of Youth Training workshops in the Speke area of the City, the setting up of a Technology Advisory Service, and a Marketing Advisory Service, at Merseyside Innovation Centre, a contribution towards the purchasing of a building to provide trading premises for small co-operatively run businesses, and a system of small grants to help people setting up new businesses with such expenses as the production of business plans.

PRIME MINISTER'S MEETING WITH BISHOPS - FEBRUARY 1984

The Prime Minister met the Bishop and Archbishop of Liverpool on 17 February 1984 for a private discussion about Merseyside. The Bishops expressed general concern about the scale of urban deprivation and about its alienating affect on their inner city parishioners. Specifically they expressed criticism, with which the Prime Minister concurred, about the doctrinaire attitudes of Liverpool City Council. The Prime Minister expressed the view that much could and should be done to improve Merseyside's physical environment.

SECRETARY OF STATE FOR THE ENVIRONMENT'S MEETING WITH BISHOPS
JULY 1986

The Bishops met the Secretary of State for the Environment to press him for a public commitment to Merseyside and to press the Government for a greater commitment to urban regeneration generally. Mr Ridley defended the Government's record of commitment to urban regeneration nationally and rejected the idea that Merseyside was so much worse than other regions as to deserve special treatment. Such treatment, in any case, would be counter-productive since it bread an atmosphere of failure in the region.

PRIME MINISTER'S MEETING WITH BISHOPS - JANUARY 1987

The meeting, at which Mr Ridley was present, discussed the crisis in Liverpool, and in particular the effect of the possible disqualification of the 45 Labour councillors on the setting of a Liverpool budget. The Bishops expressed their fears that public administration in Liverpool would disintegrate and pleaded for a spirit of reconciliation between Central and Local Government. The Secretary of State pointed out that the City Council's irresponsible and obstructive attitude had precipitated the crisis. If a more moderate administration emerged after the elections then progress might be possible.

SECRETARY OF STATE FOR THE ENVIRONMENT'S MEETING WITH THE
MICHAELMAS GROUP MARCH 1987

The Michaelmas Group consists of senior Merseyside businessmen, plus Archbishop Worlock and Bishop Sheppard. The Group's purpose is to use its expertise, independence, and contacts to promote Merseyside's economic regeneration.

The Group wished to obtain the Government's endorsement for their document "Liverpool - A Way Forward" which they wanted to publish before the 7 May elections. Although the Secretary of State welcomed the report's general approach he expressed the fear that in the run up to the local elections it could become a political football. He also suggested that the Group should omit several passages from the report (calling for extra Government money etc) in order to avoid a Government disclaimer.

LIVERPOOL - A WAY FORWARD: THE MICHAELMAS GROUP REPORT

After consultation between the Bishops and other members of the Michaelmas Group, revisions were made to the report which went some way towards resolving the Secretary of State's objections. However, despite assurances from the Bishops that the report was not to be issued publicly but to be used as a basis for further discussion with local Councillors etc, a press release was issued in March by the "Merseyside Churches Media Service". This led to an intervention by the Bishops and the Group in the controversy over surcharge and disqualification, which the Secretary of State regarded as unhelpful. He wrote to the Bishops to express his regret at their intervention.

SECRETARY OF STATE FOR THE ENVIRONMENT'S MEETING WITH ARCHBISHOP
WORLOCK, 4 AUGUST 1987

Mr Ridley met Liverpool City Council on 4 August and subsequently met Archbishop Worlock. At that meeting the Archbishop expressed optimism about the attitude of the new Council, a view which he said was shared by other members of the Michaelmas Group. He asked that the Council be given "time and space to get their house in order". The Secretary of State, fresh from his meeting with Liverpool City Council, questioned whether Councillor Rimmer,



the Leader, could control his Councillors and floated the possibility of reducing the Council's task by extending the boundaries of the MDC. The Archbishop opposed this idea, preferring the task to be left to the new Council with the necessary assistance from the Government.

SECRETARY OF STATE'S MEETING WITH LIVERPOOL CITY COUNCIL,
4 AUGUST 1987

Those present:

Secretary of State	Councillor Rimmer, Leader
Mr Renshaw	Councillor Hughes, Chairman Housing
Mr McDonald	Councillor Edwards, Chairman Policy Committee
Mr Warnock	Councillor Hackett, Chairman Leisure Services
	Councillor Feintuck, Chairman Planning and Economic Development
	Mr Reddington, Chief Executive
	Mr Kelly, Treasurer

Introductory

Mr Rimmer thanked the Secretary of State for agreeing to meet the Council and said that the newly elected Council were anxious to work in co-operation with the Government. The new Leadership were rebuilding bridges in talks with the Chamber of Commerce, the Michaelmas Group, the Merseyside Development Corporation and the Mersey Docks and Harbour Company, and they hoped to have similarly productive discussions with the Government.

The Secretary of State welcomed this new approach. He explained that he would have come to Liverpool earlier, had it not been for the impending court actions leading to disqualifications, and for the local and general elections. He was glad to meet the Council and to hear what they had to say.

Urban Regeneration

Mr Rimmer emphasised the particular problems facing Liverpool, including increasing unemployment and declining population. The Council wanted to continue the Urban Regeneration Strategy which had been begun in 1983, and which was widely seen as a model for tackling inner city problems. They were anxious to attract private capital, but pointed to the difficulty which the MDC were having in doing just that. The Council had set up a new co-ordinating committee to oversee and streamline their Urban Programme performance. The Council recognised the priority which the Government wished to give to economic projects within the UP, and they asked for approval to schemes costing £2.3 million in 1987/88, and for the release of a further £2 million for the same year which had been withheld. They were also seeking an increased UP allocation for 1988/89.

The Secretary of State suggested that the Council needed a carefully considered plan for the City, setting out the level of population they were expecting and the location of housing, shops, leisure facilities etc. The Government had significantly increased public expenditure on Urban Regeneration, both in

Liverpool and elsewhere, but there would never be enough public resources to meet the perceived needs of all the cities. Moreover Liverpool could only get a larger slice of the available cake at the expense of other equally deprived cities. It was therefore essential for the Council to attract as much private finance as they could. The Secretary of State agreed that, if the Council could make a case for use of £2.3 million NP projects in 1987/88, which passed the usual tests, approval could be given. He would then review the position on the scope for any additional spending in 1987/88; for 1988/89, all was still to play for, and he noted the Council's request.

Rate Limitation

Councillor Rimmer said that the new Councillors had inherited a time-bomb not of their own making in the shape of a gap of £41 million between their actual spending level and the available resources to pay for it. The expenditure level proposed for 1988/89 therefore posed a real problem. Unavoidable commitments, such as interest payments, meant that only £65-£70 million of their expenditure programme was in principle cuttable, but it was clearly impossible to reduce that level of spending by £40 million in one year. The Council were therefore almost certain to seek a redetermination, and Councillor Rimmer asked the Secretary of State to reconsider his decision not to give the undertaking he had given in previous years not to reduce ELs on redetermination or apply conditions.

The Secretary of State said it was for the Council to decide whether or not to apply for a redetermination, and he noted that they were probably going to do so. He suggested that they should set out a reasoned and figured plan for tackling the problems which they had inherited, and he undertook to consider their case fully. The Secretary of State explained that not repeating the previously given undertaking was not meant to be a menacing or vindictive act; he had merely considered that it had not been necessary to repeat it this time. If the Council's case was as strong as they had described it, it would be unreasonable for any Secretary of State to set a lower expenditure level, and the Secretary of State said he would not act unreasonably.

Capital Allocations

Councillor Rimmer and the Treasurer explained that they were spending £26 million of capital receipts in 1987/88, and that this completely exhausted their accumulated receipts; for 1988/89, therefore, they would only be able to use receipts achieved in-year. Councillor Rimmer therefore asked for increased capital allocations next year, or at least not reductions.

The Secretary of State stressed the need for increasing private sector investment in the area and for maximising receipts by increasing disposals. He explained that the Government's public

expenditure decisions for 1988/89 had not yet been taken, but that when they were, he would not be able to bend the rules to help Liverpool.

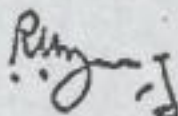
Priority Estates Projects

Councillor Hughes referred to a letter from Mr Waldegrave about the PEP, enclosing a video and referring to a deadline for local authorities to submit applications. He asked the Secretary of State to extend the deadline so that the new Council could apply. The Secretary of State asked Mr Renshaw to look into that.

Future Dialogue

Councillor Rimmer asked for the re-establishment of the Liverpool Partnership Committee under the Secretary of State's chairmanship; he considered it would be a very useful forum to bring all interested parties together to discuss ways of tackling Liverpool's problems. He also hoped for continuing access to the Secretary of State and Ministers so that the Council could raise specific issues with them.

The Secretary of State agreed in principle to resurrect the Partnership Committee, and he said that he and his Ministers would be ready to meet the Council as necessary.



R U YOUNG
PS/Secretary of State

6 August 1987



File Prime
(3)

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 September 1987

MEETING WITH THE ARCHBISHOP
AND BISHOP OF LIVERPOOL

The Prime Minister is to meet the Archbishop of Liverpool and Bishop Sheppard on 17 September, following their letter of 16 June and the Prime Minister's reply of 16 July, both of which you have seen.

I should be grateful for a brief to reach here by 15 September.

I am copying this letter to Tim Walker, (Department of Trade and Industry).

D. R. Norgrove

Robin Young, Esq.,
Department of the Environment.



10 DOWNING STREET
LONDON SW1A 2AA

JVA
c-OTI
Doe
BG
Bishop Sheppard.

THE PRIME MINISTER

16 July 1987

My dear Archbishop,

Thank you for your letter of 16 June. I am sorry it has taken so long to reply.

I do agree with you about the importance of self-confident and independent people staying in our inner cities. They are the people who will provide the initiative and the enterprise to build businesses and revive depressed communities. It is, as you say, a matter of leadership.

Our concern is to make sure that those people have room to work, without the restraints imposed by hostile local authorities, or other damaging restrictions. Urban Development Corporations will have an important role to play in some areas. And our reforms of local authority finance, of housing and of education are all in their different ways designed to give local people greater scope to use their own initiative to revive their own communities. And I shall myself continue to take a closer personal interest in the development of policies for our inner cities.

I am encouraged by what you say about the new leaders of Liverpool City Council. I welcome wholeheartedly any move by the City Council away from extravagant and confrontational policies. As you know, Nicholas Ridley will be visiting Liverpool shortly and will be talking to you and to the City Council. I hope the Council will take the opportunity to

show that they are willing to work with us for the benefit of the people of Liverpool. I look forward to hearing the outcome of those meetings.

I know of course your wish that there should again be a Minister with special responsibility for Merseyside. I have to say that I do not now think it would be appropriate for any one area to be seen as the special province of a particular Minister. But clearly the problems faced by Merseyside are difficult and deep-seated. The Merseyside Task Force was set up in 1981, and this will continue to play an important role in the many Government initiatives in Merseyside.

I shall be happy to meet you and Bishop David Sheppard again to discuss these matters and I have asked my office to be in touch to arrange a time.

I am sending a copy of this letter to Bishop Sheppard.

Kind regards,

Yours sincerely

Rajant Habiba

The Most Reverend Derek Worlock,
Archbishop of Liverpool

THE RIGHT REV. DEREK WORLOCK

Tel: 051-722 2370

and THE RIGHT REV. DAVID SHEPPARD
BISHOP OF LIVERPOOL

16th June 1987.

Dear Prime Minister.

Prime Minister 4

You will wish to see.

I have ack^{ed} and commissioned
a swift reply.

26/5 19/6.

R17

cc RC

We have both felt very encouraged to hear you speak after the General Election of the priority you propose to give to Inner Cities. This has been further emphasised in the reports of the appointments you have made to your new Cabinet. You have been good enough to discuss this matter with us in the past, so you will already know our concern. We believe that there are no quick solutions to the obdurate problems involved, some of which in our older cities are 150 years deep. But the need for attention is urgent, as you have recognised.

^{AT FLAP PT 4}
You may remember that in our first discussion of these matters with you in February 1984, we talked about selective mobility and its effect on Inner City areas. We believe that no other single factor is so much at the root of the present state of the Inner City. Lasting changes in the situation can only be achieved if a reasonable proportion of self-confident, well-motivated people, feel able to stay in their own community. In our view that means policies for more mixed housing, for a good mix in schools and for a reasonable mixture of good status jobs.

We wonder whether the use of the popular all-embracing term "inner city" is perhaps misleading. In a city like Liverpool twice as many "inner city people" live in the outer perimeter estates as are left in what may accurately be called the inner city. That of course lies behind our use of the phrase "Urban Priority Areas". In fact the needs of the often soulless outer estates are more often than not as great as those of the inner city.

We hope very much that your new policies for these areas will both seek and be received in a spirit of partnership and co-operation. Neither central government, nor local government, nor community groups, nor the Churches can provide all the answers to these complex issues. There is great need for collaboration, with all the allies which can be mustered. We will do anything within our power to promote that spirit of partnership, but it will not be easy to achieve against a background of local hurt and bitterness, stretching back over generations.

We are very conscious of the important part voluntary bodies and community groups can play in strengthening the fabric of Urban Priority Areas. We believe a major advance could be made in the Inner Cities and outer estates, if there were a new deal between the State and the Voluntary Bodies. But in the end the leadership which counts has to come from within communities, as we have learned over long experience in Church life. We try to encourage the leadership which supports and enables the development of confidence, which has often been trampled on through dispiriting experiences.

/Over

The Right Hon. Mrs Margaret Thatcher, M.P.

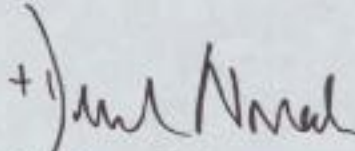
When you kindly received us last January, we spoke about Liverpool in the context of the local elections to be held on 7th May. Despite the uncertainties as we awaited the Lords' judgment of the City Councillors' appeal, we endeavoured to respond to your suggestion to us to work with the Michaelmas Group of senior businessmen in Merseyside to encourage more co-operative approaches within local government. You may know of the background paper and common programme which was prepared and discussed with representatives of all parties at national and local level. This secured a fair measure of support, though clearly its further consideration has awaited the General Election.

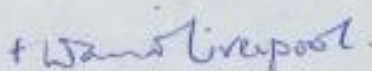
With representative members of the Michaelmas Group we shall be meeting the leaders of the new City Council in a few days' time to discuss these proposals further. The leader of the City Council, Councillor Harry Rimmer, and his deputy, have already told us of their willingness to co-operate across party-political barriers for the good of the city. We have no doubt of the co-operative intentions of Councillor Rimmer, provided he is able to consolidate his leadership. We have been given a year or two at least in which moderation and co-operation can prove themselves, if such policies can be seen to deliver the goods. But the de-stabilising factors will not swiftly or easily go away. It will be important that Councillor Rimmer and his colleagues do not come under public criticism from the Government for the actions of the former administration of which he and indeed most of them were not members.

We understand your distrust of some local authorities. We fear that without them we would move towards a Belfast situation. We believe that the most effective defence against extremism is to enable pragmatic and co-operative councils to achieve enough to establish their base. But if we are to avoid the breakdown in relationships of recent years, it will be important that local councillors and their constituents have confidence that their needs are understood and their voice heard by central government.

We made the same point when you came to Liverpool after the riots in 1981. You recognised it in appointing a minister with special responsibility for Merseyside and who came frequently to the area of which he clearly became most knowledgeable. By his visits he was seen to have a caring responsibility for local needs. We suggest that some similar gesture is required now if the damage done to confidence by recent confrontational tactics is to be repaired. We are not clear from announcements to date as to whether we are to be the responsibility of Lord Young or Nicholas Ridley or another Minister. We shall try to reflect the views of the community to whoever it is. We hope he will be a frequent visitor to the area.

We write at length because of the importance of this issue at this time. We appreciate how very busy you must be, but we hope that perhaps you may be willing to talk to us again about Liverpool before too long.

+1) 
Archbishop of Liverpool

+1) 
Bishop of Liverpool

Bishop of Liverpool

REGIONAL POLICY: Inner Cities ; Pe 10.

Prime Minister 4

From: THE ARCHBISHOP OF LIVERPOOL

ARCHBISHOP'S HOUSE, 87 GREEN LANE, MOSSLEY HILL, LIVERPOOL L18 2EP

MOST REV. DEREK WORLOCK

Tel: 051-722 2379

22nd January 1987.

R23 AM

Dear Prime Minister

I write for Bishop David Sheppard, as well as myself, in thanking you most sincerely for the very kind way in which you received us at Downing Street last week. We were both most appreciative of the time and patient hearing which you gave us.

We have today had a private meeting with the members of our Michaelmas Group, to discuss with them some of the problems which may arise from the likely crisis in the City Council in these next weeks. We have encouraged them to prepare a positive strategy in light of forthcoming local elections and are hopeful that something positive may emerge. We will of course keep in touch with Nicholas Ridley.

Again, please be sure of our thanks.

Yours very sincerely
+ Derek Worlock

MT

The Rt. Hon. Mrs Margaret Thatcher,
10 Downing Street,
London.

meeting recordSUBJECT
CC MASTERli MJ
c MA
B.G.

10 DOWNING STREET

LONDON SW1A 2AA

15 January 1987

From the Private Secretary

Dear Isabel,

MEETING WITH THE ARCHBISHOP AND BISHOP OF LIVERPOOL

The Prime Minister yesterday met Archbishop Worlock and Bishop David Sheppard of Liverpool to discuss Liverpool. Your Secretary of State was present together with Mr Michael Alison and Professor Brian Griffiths.

The Archbishop said this was a critical time for the City of Liverpool. There was a growing feeling not of despair but of desperation. There was particular concern about the prospects for the next few months and how the Liverpool budget would be set if the 45 Labour councillors (variously described later as 47, 45 or 42) were disqualified. He and Bishop Sheppard had been asked by the Michaelmas group of businessmen and community leaders to draw this to the Prime Minister's attention. The time was approaching when action by central government would be needed. He understood the difficulty of visits by the Secretary of State. The time was now right for a more obvious commitment in order to give some heart to the people of Liverpool. There was a need for a clear indication of the possibility of reconciliation between central and local government, but he "understood where the fault lay originally".

Bishop Sheppard said that if the appeal by the Labour councillors was dismissed the Liverpool budget would have to be set by the rump. This would have to be done in the face of forthcoming by-elections which would in turn be followed by the May elections. It was unlikely that anyone in these circumstances would be prepared to make the hard decisions needed. The only way to make the necessary changes in one year would be by large scale redundancies. The Liberals would be in a majority in the rump and would resign rather than take that action, leaving Labour in a majority again. It was possible Mr. Keeva Coombes could become Labour leader and local businessmen said they could deal with him. (The Bishop noted however that Mr Coombes was a candidate for a Parliamentary seat in Burnley and his constituency party had told him he would have to choose between the two positions.) There was a need to provide a stability to enable the council to make the necessary hard decisions. More pressure

JK

on the council would very likely mean disintegration. Could there be a statesmanlike act?

The Prime Minister noted in response that even if there were a responsible council between disqualification of the councillors and elections those elections could overturn it. The Government had throughout continued to pay the Rate Support Grant which was due. Part of the problem was that the council had been deeply opposed to the private sector. Your Secretary of State drew attention to the many central government programmes with which the council had refused to co-operate, even to the extent of refusing financial assistance. It would be very difficult to amalgamate the two sets of elections: a hybrid bill would be required. It was difficult to see what else could be done except to wait to see the character of the council which emerged from the elections. The Labour party had control of Council committees in a way which could make it very difficult for a rump Council to make a sensible budget.

The Bishop asked whether the Government would be prepared to send in Commissioners noting that they would need to stay for at least a year in order to reduce the risk that revenge would be taken against people who had co-operated with them. The Prime Minister said she would be against that unless the Commissioners were requested: the Government could not overturn the representatives whom the electors had duly elected. The Government could not protect people from the effects of their own irresponsibility.

The Bishop further asked whether it would be possible to extend the role of the Development Corporation. Mr Ridley felt this might be possible, but only as part of a response to a council which was prepared to seek help. The Bishop referred, inconclusively, to the possibility of "widening the partnership arrangements".

A miscellany of points arose in further discussion. The Bishop commented that the task force was useful, though there was some feeling that it was less powerful than it had been. The Archbishop drew attention to the difficulty of keeping voluntary organisations going in the absence of support from the council: the council had been putting all its money into housing. He noted that there were 900 empty classrooms in the City. Generally, the financial position of the City was likely to be less difficult this year than next. Some good councillors were likely to be lost through disqualification. They might well be replaced by militants.

Concluding the meeting the Prime Minister said she could see no option except to wait for the results of the May elections. Everything possible should be done to encourage independent people to stand. There were many ways in which the Government could help if a council emerged which wanted to be helped. Publicity should be given to the way in which the council was spurning opportunities to receive money through central government programmes. Parliamentary questions could be used as one way of achieving this. The Government would prepare contingency

plans against the various possible developments in the coming months.

I am copying this letter to John Turner (Department of Employment) and Tony Kuczys (HM Treasury)

*Yours,
David*

DAVID NORGROVE

Miss Isobel Ogilvie,
Department of the Environment.

PRIME MINISTER

THE BISHOPS OF LIVERPOOL

The Bishop of Liverpool telephoned to say that he and the Archbishop wished to discuss:

- (i) Ministerial responsibility for Merseyside;
- (ii) the probable disqualification of Liverpool Councillors and the breakdown which may occur if the Rump Council is faced with the task of making a budget on 31 March;
- (iii) how a post-industrial city is to be managed into a reduced but renewed city.

A note from Brian Griffiths is below, together with some supplementary briefing from DoE.

Minister for Merseyside

The DoE brief suggests that Mr. King and Mr. Jenkin maintained Mr. Heseltine's special interest in Merseyside, though Mr. Baker did not visit the area while he was Secretary of State. Mr. Ridley took the line at his meeting with the Bishops that there was no reduction in the Government's commitment to the regeneration of Merseyside but that he was no more Minister for Merseyside than he was Minister for all other cities, many of which seemed to have worse problems than Liverpool. I am not sure you need to be quite so blunt and discouraging as Mr. Ridley but you will not wish to undermine the position he has taken.

The Liverpool City Budget

The supplementary DoE brief explains the timetable. In essence, 45 Labour Councillors are likely to be disqualified and the Rump Council may well be unable to produce the budget which is needed given that they will be faced by the prospect

of by-elections followed by the May Council elections.

Nevertheless, it would be quite wrong to bail out Liverpool from the follies which the electorate and the Council have brought upon themselves. And even if you were inclined (per impossibile) to offer assistance you would not want to give any indication of that tomorrow.

Managing a Post Industrial City

Brian Griffiths' note suggests points to make on this.

DN

(DAVID NORGROVE)

13 January 1987

PRIME MINISTER

13 January 1987

THE BISHOPS OF LIVERPOOL

Tomorrow you see Bishop Sheppard and Archbishop Warlock, who wish to raise three issues:-

- (a) the need for a Minister for Merseyside;
- (b) the making of the City's budget in view of the probable disqualification of Liverpool councillors;
- (c) how a post-industrial city is to be managed into a reduced but renewed state.

Although the trigger for their coming could conceivably be the City's budget, more probably their real reason is that they had short shrift from Nicholas Ridley in a meeting last July.

Minister for Merseyside

This is primarily a public relations pitch for Merseyside. Michael Heseltine was never formally Minister for Merseyside and Kenneth Baker never even visited Merseyside. The current thrust of DOE policy is to play down any special recognition of Liverpool. The Secretary of State is after all responsible for all of our cities. If he were to be given special responsibility for one he would clearly have to be appointed to many more (West Midlands, East Midlands, Tyneside, Teesside, Cornwall, London etc).

Asking for a Minister however is more than a public relations exercise.

Within no time at all, such a Minister would be confronted with numerous local pressure groups, all of whom wanted more

public spending - not least in the many areas canvassed, by the Bishops in the past.

The Liverpool City Budget

If the people of Liverpool vote for Militant Councillors such as Hatton they must expect to bear the consequences. The Bishop is right, that of course the likely rump of councillors will not be able to prepare an ideal budget, but it is crucial that the electorate are made to face the implications of how they vote.

The House of Lords will probably uphold the disqualification of the 45 councillors. Nevertheless the government should be very wary of plugging a funding gap for Liverpool: Hatton already has his successor lined up. During the period between disqualification and the new elections (March-May) a Liberal council could plausibly ask for more public money and then find itself in opposition just weeks later.

Managing a post-industrial city

David Sheppard has written a great deal about this subject (Built as a City, Bias to the Poor) as well as being the leading figure on the Archbishop's Commission which produced Faith in the City.

The Report was inter-alia

- critical of council house sales,
- saw no future for the private rented sector,
- accused private schools of being divisive in the nation,
- indicted government policy as giving "too much emphasis

... to individualism and not enough to collective obligation",

- stated 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",
- argued that cuts in university spending are "harming the life opportunities of academically able young people",
- on unemployment, included a section "No Alternative?" which concluded by questioning whether a "dogmatic and inflexible macro-economic stance" is appropriate.
- stated that "for most low-income city residents, freedom of choice is a cruel deception".

Points about Merseyside

In thinking about Merseyside you might point out the following.

1. The government is already pouring money into Liverpool. Patrick Minford has estimated that Liverpool receives £1.1 billion per year of government money per year.

2. Liverpool Council has gone out of its way to create an anti-enterprise environment

- the rate is the third highest of any metropolitan borough,
- council house sales have been discouraged and are limited,

~~You cannot~~
~~Minford~~
~~is wrong.~~
The DoE estimate in their briefing is of 1.2 billion
DKW

L.M.F.

- derelict land is still being hoarded by the public sector,
- the voluntary sector has been actively discouraged by the Council

3. Liverpool is a stronghold of powerful trade unions (especially the TGWU in the docks and car industry). For example wages for full time male manual workers are higher than the national average (in 1985 the national average for GB was £163.6 per week; in Liverpool it was £170 per week) and are rising faster than the national average (in 1985 they rose by 2% more than the national average).

4. The experiences of London boroughs shows that the inner city can be renewed through careful financial management and the creation of a climate of enterprise. The comparison between Wandsworth and boroughs such as Lambeth (next door) Hackney and Islington is startling. (see Appendix I)

5. The way forward is to create a climate in which Merseyside (and not central government) can solve its own problems. Key steps include

- more council house and flat sales,
- sale of derelict land,
- more tenant co-operatives and tenant groups to run their own housing estates,
- deregulation of rents.
- reform local government finance (community charges, national business rates and rate revaluation) which provides the single greatest incentive to relocate on Merseyside.

WANDSWORTH AND LAMBETH

	<u>Wandsworth</u>	<u>Lambeth</u>
<u>Rates (85/86)</u>		
Local rate	30.69p	107.57p
Domestic rates - average payments per hereditament	£371.90	£556.63
<u>Housing</u>		
Cost per dwelling - Management	£189	£266
Council house sales as % of housing stock	21.1%	2.5%
Capital receipts from sales 1985/6 for borough	£36m	£4.5m
Capital spending per council dwelling	£786	£118
<u>Waste collection</u>		
Net cost per capita	£8.20	£17.99
<u>Bureaucracy</u>		
Population	252,000	244,000
Total staff	5,300	10,500

6. The Christian church has a key part to play in fostering the enterprise society: both emphasise the dignity of individuals, both stress strong families, and families are strengthened through home ownership. Enterprise however must always be within the context of justice.

There are 3000 black churches in Britain and 4000 black pastors (only one-third of which are full time). Philip Mohabir, the leader of the West Indian Evangelical Alliance (150 churches) has written me a note on their perception of the problem. (Appendix 2). One clearly senses the despair and helplessness of blacks but the ray of hope which shines through (para 3 p.3 and the conclusion) is the goodwill which exists, the need for the churches to foster self-help within the black community and the importance of channeling funds for inner city projects involving self-starters within the black community.

You might enquire what the C of E and the RC is doing to foster these kind of developments.

Bh

BRIAN GRIFFITHS

COMPARATIVE STATISTICS 1985/86 ESTIMATES						
Notes	Wandsworth	Inner London Average	Hickney	Hammersmith & Fulham	Islington	Lambeth
General Statistics						
Population	258,000	192,250	190,900	149,300	162,700	245,000
Local Rate 1985/86	30.69p	65.71p	147.18p	39.35p	112.07p	107.57p
Total Rate 1985/86	166.20p	201.20p	282.79p	194.86p	247.58p	243.08p
Domestic Rates - average payment per hereditament	£371.90	£572.91	£659.93	£438.36	£685.95	£556.63
Net Rate and Grant borne expenditure per capita	£286.98	£460.54	£564.39	£451.65	£575.58	£554.38
% Total expenditure funded from						
- Rates	17.4%	54.6%	47.1%	31.9%	61.8%	45.7%
- Grants	84.2%	40.7%	54.0%	68.8%	38.2%	55.6%
- Change in Balances etc.	-1.6%	4.8%	-1.1%	-0.7%	-	18.7%
Unallocated Central admin. in total Service Expenditure	-	4.0%	8.1%	6.4%	3.6%	0.4%
The Arts						
Net cost per capita						
- Museums, Galleries, Theatres	£0.42	£5.67	£19.75	£1.69	£0.65	*
- Grants and Contributions	£0.50	£0.80	-	£4.19	£0.63	*
Economic Development and Promotion						
Staff per 1,000 population	0.07	0.07	*	0.14	0.08	*
Net cost per capita	£4.04	£3.00	*	£0.56	£5.88	*
Environmental Health						
Net cost per capita	£14.68	£21.64	£26.66	£14.19	£6.99	£15.13
Housing						
Cost per dwelling						
- Management	1	£189	£226	£237	£244	*
- Maintenance	2	£363	£461	£501	£433	*
Void dwellings in housing stock	3	4.7%	6.4%	10.0%	3.9%	6.3%
Rents paid by tenants as a % of total cost		19.9%	20.7%	14.0%	25.1%	*
Benefits as a % of Gross Rents		58.1%	51.2%	55.5%	53.3%	*
Housing Act, 1980 subsidy as a % of Gross Cost		14.4%	20.2%	16.4%	22.6%	*
Rate Fund Contribution to Housing Revenue Account as a % of total costs		7.3%	19.1%	27.0%	14.2%	*
Land use planning						
Income from planning charges per capita	£0.47	£0.74	*	£0.91	£0.78	*
Staff per 1,000 population	0.15	0.35	*	0.42	0.38	*
Net cost per capita	£2.48	£6.72	*	£6.59	£6.76	*
Libraries						
Staff per 1,000 population	0.65	1.02	*	0.90	1.34	*
Net cost per capita	£10.36	£16.53	*	£15.40	£21.40	*
Recreation						
All recreation net cost per capita	£15.38	£22.95	£28.09	£27.65	£39.70	*
Social Services						
Care of the Elderly						
- Population aged 75+ as a % of total population		6.4%	6.4%	5.8%	6.6%	6.1%
- Cost per resident week		£118.19	£137.65	£166.20	£137.00	£173.44
- Home Help - Contact Hours per 1,000 population aged 65+		17,639	18,843	31,538	*	*
Administrative and Fieldwork staff per 1,000 population		2.72	2.57	2.57	2.73	2.60
Total net cost per capita		£107.17	£142.52	£172.48	£141.97	£180.82
Waste Collection						
Net cost per capita	£8.20	£16.42	£17.67	£9.81	£14.51	£17.99

*Questionnaire not returned in time for inclusion in the source material.

(SOURCE: Local Government Comparative Statistics, 1986, C.I.P.F.A. Statistical Information Service)

INNER CITY ETHNIC MINORITY PERCEPTIONS - Philip Mohabir

The inner city needs some historical perspective. Permit me to use Brixton as an example, but I am sure that the same parallels can be drawn in other areas.

1. Thirty years ago Brixton was a thriving centre of Business and Industry with a high rate of employment. There was a strong sense of community. Then slowly but surely most of the industries and businesses moved out or closed down. This naturally affected the economy and job opportunities became scarce.
2. Thirty years ago Brixton was a well to do middle class area. The population had a sociological mix. Intellectual student types, professionals and workers of diverse skills involved in the building trade, factories and social services. Then the more well to do elements moved out and left the community without a heart. The cement had fallen out. This situation worsened as new people moved into the area seeking accommodation jobs etc. They were poor financially and had no natural links with their neighbours. They were strangers. The result - a community disconnected. Many if not most were from the Caribbean and were at that time being recruited from the various colonies to fill vacancies in the transport services etc.

Two important factors which further contributed to the rupture of the community's life were - on the one hand the remaining indigenous white community felt threatened by this influx. They were totally unprepared to receive and accommodate people from a different culture. The problem was further emphasised because they were black. The warm welcome was missing. On the other hand the new immigrant population was equally unprepared, and so the adjustments that would lend themselves towards easy integration were absent. Tensions were generated and the effects of this spilled over in the shops, market places and schools. Peoples' prejudices came into the open - the lack of cultural sensitivity on both sides contributed to the general feeling of intrusion on the one hand, and being unwanted on the other.

As far as I know, little was done at that time to take hold of this diversity and would it into a cohesive community. The various strands were never woven into a fabric. The result is an impoverished society. It must be noted with great sadness that even the churches were unprepared and many of their members moved out leaving buildings empty and at the best of times functioning for a period as a migrant church - (coming in for meetings and then leaving again). This meant that they could not sustain activities that might have contributed to the cohesion of the community or influenced it for God.

3. Over this period, the ethnic minorities were subjected to some very humiliating experiences. They became victims of discrimination which manifested itself in the pubs, at work, in schools, in places of entertainment, and also in the civil and social services. They were often harrassed, abuse was hurled at them, they were even accosted. They were easy prey for unscrupulous landlords, employers and drug pushers. To deny that these things ever happened or that they were isolated incidents is naive to say the least, a failure to face reality and an unwillingness to address the real living fears, and suspicions which followed as natural consequences.

Unfortunately the vacuums that existed were filled by the wrong influences and elements in the society and left the field free, and prepared the soil for the wrong seeds to be sown. The elder generation blacks are still disillusioned, hurt and bleeding while the younger blacks especially those born here are saying enough is enough. There is definitely a sense of despair and depression and a feeling that there is very little hope for the future. What is more, they do not believe that anyone really cares. No-one really listens to them. These and other factors compress and compel them into a ghetto situation which they do not really want and which they fear but to which they are being driven because they feel insecure and unprotected. We only have prejudices hardened but their despair is turned to anger and hostility.

4. Over the same period and dating even further back a very important and wrong image of the Blacks has been projected and perpetuated, that Blacks cannot achieve great excellence and cannot be effective in management, education, politics, science, civil services and social services. It would appear as though they were all forever destined to achieve so much but not more. The boundaries already set. That they are good in sport, and music, but are underachievers in other fields is a myth promoted and perpetuated by the media, literature, radio and TV shows. Also the idea that they are unreasonable, given to violence and are perpetrators of crime is definitely not doing justice to them as a people. That there are criminal elements, radicals and activists among the blacks is as true as any other group within society but this negative image places an unbearable pressure on them. They resent it bitterly and it provokes very negative reactions. Something radical needs to be done urgently to correct this myth.

PRESSURES IN THE INNER CITY

The present situation in the light of the above is that the ethnic minorities, especially the Afro-Caribbeans constantly live and work under the following pressures:

1. Outsiders Because they are black even though their present parents were British citizens before they came here from former colonies. Even those born here are made to feel like aliens. They lack a real sense of belonging. Most of them have never seen a banana tree or coconut palm yet they are told "go home", "you are not British". The question is asked then "who am I?", "where do I belong?". No roots, no homeland, not wanted. This is further emphasised by the fact that this people has been cruelly uprooted a few hundred years ago against their will and have never found a home since. An identity crisis.
2. Underachievers They feel that they are portrayed as underachievers, their attainable goals are set for them that they should be satisfied with the levels prescribed and that they are even presumptuous to aspire beyond those limits. That the system, institutions and media are all stacked against them and are designed to enforce and perpetuate that MYTH.
3. Discrimination That they are automatically blamed for CIVIL DISORDERS, SOCIAL and MORAL DECLINE in their communities, DRUG SCENARIOS, RISING CRIME RATE. It is not to say that all blacks are innocent, but rather that an undue emphasis and promotion is given to the unhealthy elements and not sufficient positive presentation of a people. The result is that they are held to ransom as a group for all that is wrong and therefore cannot expect any justice. They are tried and sentenced before the crime is committed.

4. Hereditary The lack of sufficient blacks in leadership positions in for example the police force, teaching professions and civil service leaves a great vacuum. They begin to accept that it is of little or no value in trying. "They will never succeed". "It cannot be done", they think. There is a definite need to project and give more publicity and visibility to successful, black people eg. business men, university professors and lecturers, lawyers, doctors, surgeons etc. This will lift their sense of pride, and their morale, enhance their dignity and challenge the youth to aspire and aim for things other than sports and athletics and music. Unfortunately those who have achieved high positions are often an embarrassment to their people, either because they have undergone colour conversion or they represent minority interests only.
5. Public Money A lot of money is spent on the wrong things instead of on projects to further development and provide jobs. Money is spent on research and on umpteen clubs, such as homosexual and lesbian groups. Most of these only aim at entertainment value and are very cosmetic and superficial to the real needs of the average black person. Most of the black British are honest, hard working, taxpaying, God fearing, decent citizens who want to be left alone to make a success of their lives and a contribution to society. They refuse to get involved in schemes which they consider an insult to their intelligence, destructive to good morale and detrimental to their own value and quality of life. There is a whole army of voluntary black men and women who give invaluable and sacrificial labour to alleviate suffering, give comfort, advice, encourage and correct. Many black pastors and youth workers who are in full-time secular employment have been carrying out full time pastoral functions in their communities for the past 25 years. They receive no recognition and they are not even known, often despised and maligned. Schemes and projects ought to exist that will release these people of positive influence.

The situation then as I see it is that, while there is calm, no effort should be spared to deal with the real causes of dissatisfaction. Radical steps should be taken to diffuse the tension, to cool off the volcano NOW and not wait for it to erupt. Energies should be spent to change stereotyped concepts and basic heart attitudes of one another and implement and engage in such schemes which will affect the economy and improve the quality of life for the majority. Too much is spent on too few and on the wrong things.

THE NEEDS OF THE BLACK COMMUNITY

1. Need to lift the image of the BLACK PERSON in the NATION. They should be seen as PARTNERS and not as parasites and problems.
2. Educational programmes need to be launched to cater for those who for one reason or another dropped out of school early - education that is remedial but also opening the doors to PROGRESSIVE DEVELOPMENT. The kind of programme that will qualify them for entering institutions of higher education.
3. Schemes that will identify, train and develop their skills in mechanics, carpentry, masonry, electronics, and computers.
4. Recruitment of blacks for civil service, police force, teaching profession, and other government institutions. it would be good to examine the reasons why this is not happening. Whatever happens Blacks are not asking for a lowering of standards. It may be necessary to consider pre-training training.

5. Identify projects and encourage investment in the locality to provide jobs, Give them the opportunity to work. Actually the one single factor from their perspective is JOBS which in turn will provide the incentive to pursue other more beneficial ventures.
6. There is a need to provide funds that will release hard working men and women to engage more fully in their particular endeavours to uplift the community. Men of good report and positive inputs and influence for good.
7. To promote a general FEEL that somebody actually CARES and is CONCERNED about what happens to "little ME". The unemployed, single parents, the Aged. How this can be done I cannot fully see, but if a realistic approach can be found to implement a considerable programme it will do wonders to change the atmosphere.
8. Anything that can be done to make the Ethnic Minorities feel that they are British, they are accepted, that they are needed and have resources to contribute to the good of the nation must be a winner. Mere platitudes or philosophies or academic research papers or verbal reassurances will not suffice. It has to be immensley pragmatic and designed to reach people at grass roots.
9. There is a definite need to improve relationships between the police and the community. The task of the police is an unenviable one and unfortunately events of recent history are not all in their favour. However, there is still sufficient good will for a new initiative and sincere attempts need to be made to bridge this gap. Peoples' confidence needs a boost. They do not ask that criminals escape justice, but they do have much grounds for fear and suspicion.

CONCLUSIONS

There is much good will among members of the black churches. Each community needs a non-political group to function as a sounding board, agents for reconciliation and initiators of projects in their areas. We need independent agencies not legally connected to the police, councils, or political parties, yet in touch with real people and serving them. THROUGH which black church members can influence the inner city for good. Constructive planning needs to go into creating training schemes and development programmes which are designed to attract the youths off the streets. These should be based within the locality, in close enough proximity so that they can be seen and felt and touched by residents - the benefits can they impact the locals directly. More black Christian leaders should be placed on our school boards and other influential places in the community.

I am not an expert and am conscious that the professionals may find much with which to disagree, but may I be permitted to be bold enough to say that they have not got it all right either, although they have worked at it for many years, and spent fortunes on their schemes. May I humbly suggest that it is possible for some simple common sense things to be done, to create a social revolution which will restore sound morals to our society, give hope to our people and lay the foundations for the generation of tomorrow even if it means that we must reset our agendas.

If you would like further thoughts on this then I would be delighted to send them to you.

Covering CONFIDENTIAL

CCBA
CCP/P



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

David Norgrove Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

13 January 1986

Dear David,

PRIME MINISTER'S MEETING WITH THE ARCHBISHOP
AND BISHOP OF LIVERPOOL ON WEDNESDAY 14
JANUARY

Thank you for your letter of 12 January.

As requested, I enclose further briefing
on the issues which the Bishop has said
he wishes to raise at the meeting tomorrow.

Yours ever

Isobel

MISS ISOBEL OGILVIE
Private Secretary

MINISTERIAL RESPONSIBILITY FOR MERSEYSIDE

Mr King inherited the immediate legacy of intense Ministerial involvement in Merseyside affairs established by his predecessor Michael Heseltine. During his six months tenure as Secretary of State he visited Merseyside many times promoting the concept of urban regeneration through private/public partnership and generally continued the Heseltine high profile.

Initially Mr Jenkin was cautious in indicating that he would continue the informal 'Minister for Merseyside' role but after pressure locally declared his willingness to continue the special relationship with the area. One of his first actions was to reorganise the Merseyside Task Force to give it formal responsibility for housing, urban programme, Merseyside Development Corporation and dereliction land main programmes. The Task Force in effect became the regional office for Merseyside as well as retaining the role of innovator and facilitator of special projects. Mr Jenkin visited the area on average once a month and regularly met with political, community and business leaders throughout Merseyside. In Liverpool itself this role became progressively more difficult because of the confrontational attitude of the City Council and the deepening financial crisis that the Council's policies brought about.

Primarily because of the 'Liverpool situation' Mr Baker did not visit the area whilst Secretary of State although he had done so during the immediate period when he was Minister for Local Government. He remained closely interested in the problems of Liverpool itself and was regularly briefed on events by the Merseyside Task Force.

By way of further background a press notice is attached which sets out Mr Jenkin's statement of his commitment to maintaining specific responsibility for Merseyside matters. Also attached is a copy of the 'Minister for Merseyside' role raised by Robert Parry MP in October 1986.

The logo for the Department of the Environment (DOE) is displayed in a large, stylized, three-dimensional font. The letters 'D', 'O', and 'E' are prominent, with the 'E' having a horizontal bar through its middle. The logo is set against a dark background within a rectangular frame.

Press Notice

NW121/83

8 July, 1983

PATRICK JENKIN VISITS MERSEYSIDE - 8 JULY 1983

I am here to reaffirm the Government's clear commitment to the people who live and work on Merseyside. I also want to make this a personal commitment. As Environment Secretary, I am the member of the Government charged by the Prime Minister with the specific responsibility for carrying forward the Merseyside initiatives launched by my predecessors Michael Heseltine and Tom King.

In this I shall have the support of other Ministers in the Government who carry responsibility for specific areas of policy which affect the local communities on Merseyside. I hope that they too will, as I did as Industry Secretary come here and see for themselves the nature of the problems you face and to explore with the local authorities and others how best they can contribute to tackling them.

Today I am here primarily to listen and to learn. I have of course visited Merseyside on many occasions over the last few years but this is the first visit in my new capacity. I shall be back next Friday and I hope that in time my face will become familiar to you all.

I have never been in any doubt that Merseyside needs a close and continuing Ministerial involvement. I have already had a useful exchange of views with some of the members of Parliament and I am arranging to meet them again. I look forward to meeting local authority leaders, community leaders, business and commercial leaders as well of course as many of the people as possible who live and work or would wish to work here on Merseyside.

Apart from Ministerial drive and concern, the main instrument for the Government's involvement here has been the Merseyside Task Force set up by Michael Heseltine. This has had about it an aura of improvisation which was both inevitable and right and proper in the immediate aftermath of the 1981 disturbances.

But I know, and you know, the problems of Merseyside are not going to be solved in a year or two. The roots of the problem lie deep in the past history of Merseyside and it will take a continuing, sustained effort on the part of us all to begin to make a real impact which can bring new life and new hope to the people here.

The Task Force has worked with a large number of bodies on Merseyside, local authorities and others, on a wide variety of projects designed to make a contribution to improving social and economic conditions in the area.

I propose to build on this work and to establish the Task Force with a more permanent presence on Merseyside. It will not only have responsibility for special projects, those in hand as well as new ones; it will also take over responsibility for some of the main programmes which are currently handled by the DOE Regional Office in Manchester.

This means for example that the local authorities on Merseyside will look to the Task Force on housing matters, on the urban programme and on work to bring derelict land into use through the derelict land programme. This will help to unify the work undertaken by the Task Force and the Regional Office and will improve communications. I hope it will lead to a still better understanding of your problems and opportunities.

But I would emphasise that the special characteristics of the Task Force will be continued and strengthened. These are to initiate and co-ordinate action on special projects in conjunction with local authorities and other bodies.

Merseyside will not succeed, as the country will not succeed, unless we can produce the goods and services people want at prices they are prepared to pay. No one now pretends that Government intervention can prop up companies which cannot survive in the market place. But, it is a fact that large numbers of Merseyside companies, big and small, are competing successfully in world markets.

Vauxhalls at Ellesmere Port have announced double shift working. Substantial investments are proposed by Hignons Brewery, Shell and Fords. There is a growing number of new small industrial workshops and English Industrial Estates is letting a greater number of units than ever before. This morning I visited the new enterprise workshops sponsored by British American Tobacco where no less than sixty companies are now operating.

No one denies that Merseyside faces very severe problems - problems which have been present for decades. But there are many developments of which Merseyside can be proud. What I want to do is to work together with the people of Merseyside to build on the successes which are being achieved so as to restore new life and new hope to the area.

PRESS ENQUIRIES: Eileen Jones or Elaina Cohen
Regional Information Office
COI Sunley Building
Piccadilly Plaza
Manchester
Tel: 061-832 9111 exts: 358 or 365

ISSUED BY THE CENTRAL OFFICE OF INFORMATION

21 October 1986

Mr Robert Parry Liverpool Riverside (Labour)

To ask the Prime Minister if she has any plans to appoint a Minister for Merseyside, and if she will make a statement.

Answer

No, but my rt Hon. Friend the Secretary of State for the Environment continues to hold responsibility for the special Merseyside Task Force and for the Merseyside Development Corporation.

LIVERPOOL FINANCIAL/POLITICAL SITUATION

In the light of a recent discussion with the Council's Chief Executive and reported moves by the controlling Labour Group, the sequence of events over the coming months could now be as follows:-

23 January - Next scheduled Council meeting. Probably ratification of Labour Group proposal to set up sub-groups of each Council Committee, comprising 3 Labour and 2 opposition members. The Labour members, in each case, to be drawn from the 8 that have been elected since disqualification proceedings commenced.

26 January - 2 February (approx) - House of Lords hearing of appeal against disqualification.

Mid February onwards - Outcome of hearing expected:-

(a) If appeal succeeds Labour continue in power until May elections with requirement to set rate by 1 April. Their stance unknown but likely to avoid large rate increase and/or cuts in jobs and services, with possible demand to Government for help.

(b) If appeal fails the disqualification of the 45 Labour Councillors has immediate effect and the Liberals become the majority party although all Committees likely to remain in control of (minority) Labour Group. In the view of the Chief Executive it will take time for the Liberals to change this via the Committee structure. The Liberals might not be able to assume effective power over Council business until only shortly before by elections and/or 1 April.

By Election Date - 5 weeks from appeal decision.

(a) before 1 April - responsibility to set a rate falls on newly elected Council. They may only have a few days to do so. Whichever party assumes control is unlikely to levy a high rate in view of 7 May elections and will almost certainly seek Government assistance.

(b) 1 April - responsibility to set a rate by 1 April will fall to Liberals but likely to be frustrated in their endeavours by Labour control of committees. This could form basis of case to Government for help and/or intervention in a situation where they claim it impossible to set a rate.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

12 January 1987

PRIME MINISTER'S MEETING WITH THE ARCHBISHOP AND BISHOP OF
LIVERPOOL ON WEDNESDAY 14 JANUARY

The Bishop of London telephoned me this morning to give the headings for his and the Archbishop of Liverpool's meeting with the Prime Minister on Wednesday. They wish to discuss:

- (i) Ministerial responsibility for Merseyside;
- (ii) The probable disqualification of Liverpool Councillors and the breakdown which may occur if the rump Council is faced with the task of making a budget on 31 March (the Bishop does not believe the rump will be able to make the kind of budget which is needed given that they will be faced with two sets of elections in the near future);
- (iii) How a post-industrial city is to be managed into a reduced but renewed state.

These points are discussed in one way or another in the comprehensive and clear briefing which you have provided. But it would be helpful please to have a supplementary note on the second of the points, the making of Liverpool's budget, and also a note on how far Mr. King, Mr. Jenkin and Mr. Baker accepted special responsibility for Merseyside.

David Norgrove

Miss Isobel Ogilvie,
Department of the Environment.

PRIME MINISTER

MEETING WITH THE ARCHBISHOP AND BISHOP OF LIVERPOOL

At their request you are to meet Archbishop Worlock and Bishop Sheppard on 14 January. Mr. Ridley will be present.

You last met them in November 1984, and I attach a record of the meeting, together with the voluminous but good DoE briefing. I also attach your North-South brief.

The Bishops are coming partly as representatives of the "Michaelmas Group" of business and community leaders who meet regularly to discuss how to deal with Merseyside's problems. Their request probably also owes something to their meeting with Mr. Ridley (record at A4 of the DoE briefs). Mr. Ridley refused to recognise that Merseyside's problems were special or to put on the mantle of Minister for Merseyside first assumed by Mr. Heseltine, and he was uncompromising in his criticism of the City Council. The Bishops also claimed that they had been asked by you to act as intermediaries, presumably between the Government and Merseyside, though this was not said explicitly. (We can find no record of your request on our files.)

I may be told by the Archbishop's office on Monday what they have in mind to discuss with you. Subject to that, you might take the line:

- (i) very aware of the problems on Merseyside, and of course concerned about them; but
- (ii) the problems have been compounded many times over by the attitude of the local authority eg on municipalisation of housing and exclusion of the private sector wherever possible, together with disastrous overspending - spending in the hope that something would turn up;

(iii) glad to see that there are now one or two very small signs that attitudes are beginning to change a little; but there is a very very long way to go;

(iv) Government is helping, for example through the work of the Merseyside Development Corporation; but the solution for the longer term is to be found through the efforts of people themselves: the Government is not prepared to repeat the mistakes of municipal socialism.

You have not seen the Bishops since the publication of "Faith in the City" of which David Sheppard was one of the authors. Points to make on this include:

- (i) the report reflected a concern about our inner cities which the Government shares and is acting on through the urban programme (doubled), employment programmes, derelict land and other grants, urban development corporations etc;
- (ii) the report itself ignored the cost of its proposals, took no account of the role of the family and the individual and did not recognise the need to tackle the problems of lost competitiveness.

DRW

David Norgrove

9 January 1987

JALBEC



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LONDON SW1P 3EB
01-312 3434

My ref:

Your ref:

David Norgrove Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

8 January 1987

Dear David

As requested in your letter of 21 November to Robin Young, I enclose briefing for the Prime Minister's meeting with Archbishop Warlock and Bishop David Sheppard on 14 January.

I apologise for the length of the briefing. As we can't be sure what issues the bishops will want to concentrate on, we thought it best to err on the safe side!

Yours sincerely

Isobel R. Ogilvie

MISS ISOBEL OGILVIE
Private Secretary

CP
Could I see papers relating to earlier meetings between the PM and these bishops? (Robin Catford may have them if you don't.)

Phi: Meeting with Boloy & Linspon Nov 86



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MEETING WITH ARCHBISHOP AND BISHOP

ARCHBISHOP OF LIVERPOOL (RC)

Most Reverend Derek John Horford Worlock (64)

Archbishop of Liverpool since 1976. Educated St Edmund's College, Ware, Herts, and ordained RC priest 1944. Private Secretary to Archbishop of Westminster 1945-64. Bishop of Portsmouth 1965-76. Member of the Synod Council 1976-77 and of the Holy See's Council and Committee for the Family from 1977-83. English delegate to the International Synod of Bishops 1974, 77, 80 and 83.

BISHOP OF LIVERPOOL

Rt Reverend David Stuart Sheppard (55) Bishop of Liverpool since 1975. Educated Sherbourne; Cambridge (MA) Ridley Hall Theological College. County cricketer with Sussex 1947-62 (Captain 1953). 22 times for England 1950-63 (Captain 1954). Warden Mayflower Family Centre Canning Town 1957/69 Bishop Suffragan of Woolwich 1969-75. Until March 1985 the Bishop was Chairman of the MSC Manpower Area Board which advises the MSC on proposed projects.

The clergy on Merseyside have been historically active in social and economic affairs generally. Bishop David Sheppard and Archbishop Derek Worlock have in recent years 'led from the front' involving themselves deeply in the broad question of urban regeneration as well as specific problems relating to Liverpool.

However, at all levels the clergy have proved willing to engage in social debate which on occasions has strayed into political comment.

This has been evident in the Merseyside Anglican Church's contribution to, and response to, Faith in the City - The Report of the

● Archbishop of Canterbury's Commission on Urban Priority Areas.
Working groups have been set up to consider in depth, and try
to take forward, the various proposals set out in the Report.

The Michaelmas Group takes its name because it first met on the evening before Michaelmas Day 1984.

The members of the Group are mainly senior Merseyside businessmen (including Desmond Pitcher) plus Archbishop Derek Warlock, Bishop David Sheppard, and a small number of other individual members with relevant specialist knowledge. All members participate in the Group in a personal capacity, not as representatives of the organisations to which they belong.

The Group's purpose is to use the special qualities which its members can bring to bear such as access to a far-reaching network of national and international contacts, and recourse to the specialised skills and resources of a variety of different organisations, in order to promote Merseyside's social, economic and commercial prosperity and regeneration.

Within this broad purpose, the Group sets itself three limitations:

First, it seeks to be an enabler, not a direct promoter of projects. The Group has never taken executive action itself.

Second, the Group seeks to limit its own role to a series of what it describes as "crucial responses". It has no wish to become involved in issues or projects which other bodies can and will tackle successfully without its help.

Third, the Group is only concerned with the general good of Merseyside. It supports causes and initiatives because it believes they will benefit the region and its community, not because they will be good for individual organisations.

The Group meets regularly to review and debate current issues relating to the future of Merseyside. It is currently promoting the idea of establishing a local trade centre in Liverpool to market and promote goods and services produced by Merseyside companies.

MEETING WITH BISHOPS - 1 FEBRUARY 1984

The Prime Minister will recall meeting the Bishop and Archbishop of Liverpool on 1 February this year for a private discussion about Merseyside, and briefly during her visit to Liverpool on 2 October.

The Bishop referred to people in the inner-city parishes who felt alienated, had little part in deciding their own destiny, and who felt also the unemployment was permanent and would not be eased by national efforts. The Bishop himself says that Government schemes such as YTS and the Community Programme were dwarfed by the scale of the problem.

The Archbishop expressed his dismay that the City Council were taking over housing plans being developed on a self help basis. He also praised the County Council as an able and unifying force which people did not wish to see abolished. Joint Boards involving district councils would find it hard to rise above sectarian interests.

In response the Prime Minister expressed concern:

about the doctrinaire nature of the City Council's decisions and said that support for the County was really a measure of the City's failure to take a proper lead in the area;

added that even if Merseyside had to live with unemployment for the foreseeable future much could and should be done to improve the physical environment.

The Bishop later wrote a personal letter to the Secretary of State and described movingly the plight of parishioners facing long term unemployment. He described also a week-end forum held in February when the Archbishop of Canterbury's Commission on Urban Priority Areas visited Merseyside. The forum stressed again

the financial and social problems of unemployment;
the problems of funding voluntary bodies;

the effects on those left behind of the 'mobility of the self confident';

the need to press harder for industry to invest in Merseyside the need, (despite industry's reduced requirement for manpower) for people to be able to contribute to society and to receive a reasonable wage for it.

Mr Morrison

SECRETARY OF STATE'S MEETING WITH THE ARCHBISHOP AND BISHOP OF LIVERPOOL, 22 JULY

Thank you for your minute of 18 July covering briefing for this meeting. I was present at it, and this is a short note of the discussion.

As expected, the Bishops pressed hardest on whether or not the Secretary of State was Minister for Merseyside. They reminded the Secretary of State of the Prime Minister's original remit given to Mr Heseltine, and the Archbishop explained how she had also asked him and the Bishop to act as intermediaries. They hinted it would be difficult for them to continue with this role unless the Secretary of State confirmed his special responsibility for Merseyside. They repeated their disappointment that the Secretary of State has not made more of his commitment to policies of urban regeneration in various speeches and press articles, including in particular the Guardian profile of him.

The Secretary of State said that there was no reduction in the Government's commitment to the regeneration of Merseyside or lowering of the priority attached to urban policies generally. But he said that he was no more Minister for Merseyside than he was Minister for all other cities, many of which seemed to have worse problems than Liverpool. He argued that it was counter-productive for the representatives of particular regions continually to seek special treatment and special largesse from Whitehall, since it bred an atmosphere of failure which was quickly seized upon for Party-political purposes. It was fatal for an area to increase its dependence on Whitehall aid.

The Bishops explained their role as intermediaries between the City Council and the Secretary of State. The Secretary of State said he thought the Council had ruled out the possibility of any effective or worthwhile partnership between central and local Government in Liverpool, and he instanced the Anglican Cathedral Precinct Site as an example of a scheme which the Government would in principle be prepared to help, but which was stymied by the obstructive behaviour of the City Council. The Bishop was concerned that Government cuts had made it difficult for Councillors of any political persuasion to propose acceptable solutions to the City's problems. The Secretary of State pointed out that Liverpool had massively increased, not cut, expenditure, and listed the increases in Government inner city programmes, which you provided in part 4 of your briefing.

The Archbishop put in a plug for the Mersey Barrage, which he said would be a huge boost to the private sector in Merseyside if it went ahead. The Secretary of State took note without commitment.



The Bishop raised the question of Stockbridge. He said there had been delays in what he called our top-up funding, and asked the Secretary of State to help. He thought that the Stockbridge scheme would prove an important success for the area, but said that it was giving rise to problems in neighbouring estates, and in the Hillside estate in particular, where decanted tenants were being housed. He asked the Secretary of State if action could be taken to improve them as well. The Secretary of State said that it was not possible to tackle all estates at once. He has asked for a note on this, and I should be grateful if you could provide one.

The Bishop also asked for the Department's help with work being done within the Church on identifying urban priority areas. He wanted to be able to use information stored on our computers, but said he thought the tapes might have been destroyed. The Secretary of State asked him to set out in writing what he wanted.

Finally, the Archbishop invited the Secretary of State to visit Liverpool in the near future. The Secretary of State outlined all the difficulties, but said he hoped to visit at some future date. The Bishops said that Mr Patten's recent visit had been very welcome.

R U Young

R U YOUNG
PS/Secretary of State

24 July 1986

cc PS/Mr Patten
PS/Mr Waldegrave
PS/Mrs Rumbold
PS/Mr Heiser
Mr Delafons
Mr Ennals
Mr Renshaw
Mr Brearley
Mr Sorensen
Mr Watson
Mr McDonald
Mr Ramsay
Mrs Ramsay

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LIVERPOOL

INTRODUCTION

Two sets of problems on Merseyside are currently of special concern to Government. One is the chronic, deep-seated decline of the local economy. The other, which exacerbates the first, is the recurrent, and worsening, crisis in the financial affairs of Liverpool City Council. The Council's conduct since May 1983 has deprived the City of much of the effective public sector leadership it needs. Government help cannot completely compensate for this deficiency.

BACKGROUND

At present, the Militant-dominated Labour group control the 99-seat City Council with a majority of 10. Since their election in May 1983 they have pursued an expensive but electorally popular urban regeneration strategy which is focussed on the improvement of local authority housing and environmental conditions in 17 'priority areas'. So far they have survived financially but at the price of a capital programme paid for in part by mortgaging the City's future capital expenditure allocations through deferred purchase deals and annual budgets balanced only by extensive creative accounting. Annex A sets out the City's recent financial history.

1987/88 BUDGET

The budgetary outlook for 1987/88 is serious. The City Treasurer's report of 3 October estimated a standstill budget at £330M - which would be 25.6% above a 1987/88 GRE of £262.687M, 14.8% above forecast total expenditure for 1986/87 and 5.5% above likely actual spending this year. The Treasurer estimates that this would entail a local rate increase of 60%; at least £40M of savings would be needed to achieve an increase in line with inflation, and even with a £40M cut the budget would exceed GRE by 10.4%. Two thirds of the rate increase is directly attributable to inability to repeat in 1987/88 the one-off measures used in the two previous years.

The situation over capital expenditure is also severe. Profligate spending over the past three years has left the City with contractual commitments and debts from deferred purchase deals that will absorb all available allocations and capital receipts leaving nothing for the substantial problems that remain - especially in housing.

SURCHARGE/DISQUALIFICATION

Following the Council's failure to make its 1985/86 rate until 20 June 1985 the District Auditor surcharged 48 Labour Councillors (now reduced to 45 Councillors by death and resignations) with £106,000 - enough to bring about their automatic disqualification from office if the Auditor's certificates are upheld by the Courts. The Councillor's final appeal to the House of Lords starts on 26 January 1987. If it fails, disqualification will immediately follow on from the Lords decision which is expected in March.

In that case, 45 by-elections must be held within 40 days of being requisitioned. In practice it will take about 5 weeks to organise the elections; they are likely therefore to take place sometime in April. Normal elections for one third of the Council (next year including 17 of the seats contested in any by-elections) are due on 7 May; these include the seats of Councillors Byrne (present leader), Hamilton (former leader) and Hatton.

In the period between disqualification and the by-elections the Liberal/SDP group will control the rump Council. This period is crucial for decisions about the 1987/88 rate and budget; the rate must by law now be fixed by 1 April.

/IN CONFIDENCE The political and financial events of the coming months will again raise questions about the Government's role. A Liberal-controlled City Council would almost certainly seek Government help; indeed a combination of Liberal and moderate Labour Councillors at the Council meeting on 10 December carried a resolution seeking a meeting with the Secretary of State.

Any direct action on the budget would encounter difficult issues of policy and precedent, which could affect the stance towards all authorities with severe budget problems and might require primary legislation. The scope for indirect help to the City's problems through the Merseyside Development Corporation is limited to action on physical problems and therefore costly. Nonetheless, some expansion of MDC's role at the right time would contribute usefully to solving the wider problems and be presented as significant government assistance.7

LIVERPOOL HOUSING

The total housing stock within the City is 194,700 of which 63,500 dwellings are owned by the City Council. Much of the Council's stock is in an appalling state of disrepair. The Council has embarked on a vigorous programme of urban regeneration covering 14,000 council owned dwellings in 17 priority areas. These are probably the worst but there are plenty of other estates that are nearly as bad. The heavy expenditure in the priority areas is on the replacement of existing housing stock - walk up flats and maisonettes, and high rise flats - with traditional two storey semi detached houses. 4,000 new houses are planned of which about 3,000 have either been built or are now under construction. Liverpool have bid for ongoing subsidy on a series of demolitions of flats/maisonettes but this has not yet been resolved by the Department pending receipt of further information.

Liverpool's urban regeneration strategy goes further than simply replacing unsatisfactory housing stock. It brings together all the relevant programmes of the Council in a concerted attack on the physical problems of the designated areas and seeks to improve the quality of life through, for example, adequate leisure provision. Initially private sector investment and home ownership opportunities were largely sacrificed to meet the aims of municipalisation. The Council is now turning towards the private sector. Several potential UDG schemes are under discussion and representatives of financial institutions have been shown the areas where potential exists for investment. Only time will tell whether any real progress can be made in this direction.

In all of the 17 designated priority areas work of a similar scale is going forward. There are now grave doubts that Liverpool will have the resources to complete the programme. For 1986/87 Liverpool has set an upper limit on its overall capital programme of £107.2m. We estimate that £75m will go to housing. The City will use some £20.5m of capital receipts and £22m of the £30m deferred purchase deal agreed last year. We are told that this year's programme will exhaust the City's accumulated capital receipts. RTB sales

are falling and the City's ability to mount a programme significantly larger than the HIP allocation next year will depend on their ability to sell some major asset or to raise a further deferred purchase deal.

HIP Allocations £000s - Liverpool

<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>	<u>1987/88</u>
42,430	47,172	39,788	46,666	39,950	36,499	31,000	27,500	24,800
			49,337	41,853	38,499			

1982/3 onwards - shows both original and final allocations for each year.

Estimated expenditure	65,169	89,852	75,000	129,274
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Pre 1919 Stock

For almost a decade Liverpool have pursued a programme of improvement of sub-standard pre-1919 dwellings. This programme has all party support and has been continued under the present administration. In total the Council has declared 61 General Improvement Areas comprising 17,160 properties and 39 Housing Action Areas comprising 13,670 properties. The Council has announced an intention to declare a further 25 Housing Action Areas comprising 9,371 properties. The total pre 1919 stock is estimated at 60,000 properties.

TOXTETH

The Chief Constable's continuing community policing experiment has done a great deal to improve relations between the police and the local black community. This is being given increased emphasis by the major (police chaired) Toxteth Activities Group Community Programme scheme which embraces Victim Support, Parish care, Care for the Elderly and Sports modules. The scale of housing improvement in the area is considerable and better training schemes for local young people have been set up under MSC. The rate of unemployment remains high, particularly for the black community and younger people generally. That represents an underlying and continuing cause for concern. Tension remains quite high but there have been few 'incidents' on the streets as of late.

LIVERPOOL'S RACE RELATIONS UNIT

The Bishops have expressed concern about the tensions that have been created by Liverpool's decision late in 1984 to appoint Samson Bond - a Londoner with supposed Militant sympathies to head the Race Relations Unit, rather than local candidates who were regarded by some of the local black community as better qualified.

The resulting hostility between a section of the black community and the City Council taken in tandem with the Council's attitude to voluntary sector generally has effectively prevented central government from directing Urban Programme and Home Office S11 grants towards the black community.

LIVERPOOL INNER CITY PARTNERSHIP PROGRAMME 1986/87: INCLUDING VOLUNTARY SECTOR

RESOURCES

The annual Partnership allocation in the past three years has been £24M, but with the absence of Merseyside County Council in 1986/87 the current level stands at £23M. Of this some £21M has been allocated to Liverpool City Council with £1.55M and £0.25M respectively to the District Health Authority and the new Police Joint Board. Discussions have been taking place with the Board to work up projects targetted towards crime prevention in the inner city and two such projects, providing alarm systems for the elderly and security provision for industrial/commercial premises, have now been approved at a cost of £250,000.

LIVERPOOL CITY COUNCIL'S URBAN REGENERATION STRATEGY

The City Council continues to try and channel a very large proportion of its Partnership resources into 17 "Priority Areas". These are run-down Council estates, and while there are undoubtedly problems in these areas, we feel that there are other important issues to which the Partnership should be addressing itself, eg support for the local economy, helping the voluntary sector. In the past it has not been easy to exert any influence over the City's attitude to the voluntary sector; but this year the problem became so serious that it was made clear to them that the Partnership Programme would not be approved until they took significant steps to correct the imbalance in the City's support for economic and voluntary sector projects. In the face of this threat the City agreed to include in their Programme some schemes aimed directly at reviving the local economy and the revised proposals went some way towards correcting the balance on the economic side. As a result the Programme was approved in August, on the understanding that further improvements would be expected in future years. To date some £2.5M has been approved for schemes under the economic package.

A number of voluntary groups were hit hard by abolition - the District Councils failed to act in a co-ordinated way to provide

transitional funding. But it is for local authorities to decide their priorities within the mechanism set up by Government to deal with the problem. Although the City Council have sought to reduce the presence of the voluntary sector in Liverpool by their policy of municipalisation, £2.6M has been approved for projects that became time-expired in March 1985 with a further £2.3M likely to be approved for schemes that became time-expired March 1986. Any delay in approval is entirely due to the late submission of these schemes by the City Council. Problems are however continuing in Liverpool over the voluntary sector and recently there has been renewed local concern over the City's refusal to continue support for some twenty projects whose UP support has become time-expired.

Making decisions in respect of grant assistance to voluntary organisations requires a degree of local knowledge not practically available to Government Departments. While the Liverpool situation remains the exception rather than the rule, there are no plans to revise the grant legislation to allow funding direct from the Department.

CONTENTS

ANNEX C

1. MERSEYSIDE TASK FORCE - ORGANISATION/RESOURCES
2. MAJOR RECLAMATION AND DEVELOPMENT SCHEMES

ANNEX

MERSEYSIDE TASK FORCE

Set up in 1981 after the Toxteth disturbances, the Task Force was originally a mixture of civil servants - provided by Department of Environment, Department of Trade and Industry and the Manpower Services Commission - and private sector secondees from industry and commerce.

Its remit was to foster co-operation among all those with a part to play in the regeneration of Merseyside. It undertook a catalytic role in a flexible and innovative way to help produce results and ease obstructions, incorporating the maximum input from the private and voluntary sectors.

CURRENT ORGANISATION

In January 1984 the Task Force took on an executive role when regional office functions in housing, the Urban Development Corporation, the Urban Programme and Environment transferred from the North West Regional Office. This added direct responsibilities for HIP, UP, UDG, DLG and the MDC to its control of the existing special resources.

Although other Government Departments are now closely associated with, rather than integral to, the Task Force, the effect of MTF's expansion has been to embrace typical regional office duties but at the same time attempt to push forward new and innovative projects aimed at the regeneration of Merseyside's physical environment and economy. The concept of working with private sector secondees has been kept alive but at present there is only one - from the Littlewoods Organisation.

RESOURCES

Special resources drawn from a number of the Department's main programmes have been made available for Merseyside since 1982/83, when £15M was provided from the Contingency Reserve. Resources from 1983/84 have fallen each year from £40M to £33M in 1986/87.

MAJOR RECLAMATION AND REDEVELOPMENT SCHEMES

Tate & Lyle Site, Liverpool

The Tate and Lyle site is an initiative of longstanding. The old factory has been acquired by English Estates who have demolished it and is now investigating the reclamation of the site with the aid of DLG for future development. The present proposal for this 8 hectare site is to redevelop it for co-operative housing.

Wavertree Technology Park

Now occupies 69 acres of former derelict railway sidings at Edge Hill. It is the result of close and complex co-operation between the Plessey Company, the former Merseyside CC, Liverpool City Council, and MTF.

The Boat Museum - Ellesmere Port

This is a major tourism/conservation/reclamation project undertaken by Ellesmere Port and Neston Borough Council and Boat Museum Trustees with assistance and financial backing from Cheshire County Council, MSC, English Tourist Board, Historic Buildings Council, EEC Regional Development Fund, and (the major contribution) Department of the Environment's Derelict Land Grant and Urban Programme Grant.

In the Merseyside Development Corporation area (and primarily the responsibility of the MDC) -

International Garden Festival Site

The site chosen was 95 hectares of dereliction extending from the Herculaneum Dock at the Southern end of the main South Docks complex for a distance of about 1½ miles. The whole site was reclaimed, infrastructure installed, access routes rebuilt and the Exhibition created in 2½ years.

Albert Dock

A joint restoration project with the private sector is now underway to provide commercial and residential accommodation in the restored dock which comprises an outstanding group of Grade 1 Listed Buildings. A Tate of the North Gallery is scheduled to open in 1988.

Docklands

There are substantial projects concerned with the restoration of the water regime to the South Docks, restoration of another listed warehouse and the conversion of dock sheds for industrial units. The Merseyside Development Corporation have recently launched a major initiative to attract private sector leisure developments to the Liverpool Waterfront.

MAJOR HOUSING PROJECTS

Anglican Cathedral Precinct

A special capital grant has been made available to the Housing Corporation to reclaim and landscape parts of the Precinct site as a basis for the development of 260 homes for sale or rent and commercial and restaurant facilities.

Stockbridge Village

A large council house estate, unpopular, badly managed and designed and deteriorating fast. At the initiative of the Secretary of State the estate was privatised. Stockbridge Village Trust was established to manage and upgrade the estate and attract private investment.

New Inner City Housing (NICH)

Private developers have participated actively to provide low cost homes on a variety of difficult sites, whether through refurbishment for sale of ex-council stock or new build. The characteristics of this initiative is to encourage developments which would not otherwise have taken place.

Community Refurbishment Schemes

These schemes were pioneered on Merseyside. They aim to tackle smaller run-down but retrievable council estates. Through a package of MSC and Urban Programme funding local unemployed people are recruited to undertake the refurbishment of their own estates.

Minster Court, Toxteth

One of the Merseyside initiatives launched by Tom King in March 1983 and involved the refurbishment for sale of derelict and decaying tenement blocks. Working in close co-operation with the then Liverpool City Council who were responsible for the demolition of 144 flats. Barratt Urban Renewal Ltd have refurbished externally and internally the remaining 200 flats.

ECONOMIC INITIATIVES

Training

One of the first initiatives of MTF was to increase training places within Merseyside firms to run over a one year period. This was an enhancement of the old YOP scheme and with the aid of private sector secondees over 1000 places were secured over a three month period in late 1981.

Information Technology Centres

The country's first ITEC opened in Wallasey in April 1982. There are now 10 in the Merseyside area. They provide high quality training for unemployed young people in word processing, micro computing, robotics, and related electronic skills.

Commercial Business Training Centres

Unique to Merseyside these provide training in basic business and commercial techniques for unemployed young people. Four centres are now open.

Local Enterprise Agencies (LEAs)

MTF initiated the establishment of LEAs in Knowsley, Bootle, Liverpool and Ellesmere Port.

Industrial Estate Refurbishment

An MTF secondee was responsible for a major project aimed at improving the environment of Kirkby Industrial Estate in Knowsley.

Exhibitions

MTF have organised a number of exhibitions aimed at promoting the goods and services of small firms in Merseyside.

Tourism

MTF, through the efforts of Harry Thomas, were responsible for initiating the establishment of the Merseyside Tourism Board.

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ANNEX D

MERSEY BARRAGE

MERSEY BARRAGE

The barrage concept came from Merseyside County Council in 1981, in concert with the Merseyside Enterprise Forum. It is being taken forward by the Mersey Barrage Company formed in February 1986. Chairman of the company is Desmond Pitcher (Chief Executive of Littlewoods) and the Project Development Manager is Peter Wood former Merseyside County Council's Director of Planning.

The intention behind the company's formation was to have joint participation from the public and private sectors; private sector interests include Tarmac, Costain and Barclays Bank.

Two feasibility studies have been conducted so far and now a major £700,000 study is proposed to investigate that there are no overriding impediments to the construction of the barrage and its preferred location.

Although benefits such as improved communications and leisure and tourism have been attributed to it, the barrage is primarily an energy-based project and the Department of Energy is in the lead for the Government.

In an alternative energy debate last October Mr David Hunt, PUSSE for Energy indicated that it was one of the most attractive tidal power sites in the Country, but it was early days in which to reach any conclusion on its viability. Mr Hunt has recently announced that his Department has agreed to a grant of £400,000 towards the cost of the feasibility study.

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ANNEX E

1. PRESS STATEMENT BY BISHOP SHEPPARD IN 'FAITH IN THE CITY'
2. ANALYSIS OF AND GOVERNMENT RESPONSE TO 'FAITH IN THE CITY'

● PRESS AND PUBLIC AFFAIRS DEPARTMENT

Church House, Dean's Yard, London SW1P 3NZ. Telephone: 01-222 9011

STATEMENT BY THE BISHOP OF LIVERPOOL, THE RT. REVD. DAVID SHEPPARD, AT PRESS CONFERENCE, CHURCH HOUSE, WESTMINSTER, LONDON SW1, TUESDAY, DECEMBER 3, 11 a.m.

"Like most members of the Commission I began the two years with a good deal of knowledge of Urban Priority Areas. What I have seen and heard has convinced me that urban deprivation is far deeper and more widespread than I had realised. Looking at unemployment, housing, education and poverty, we have drawn heavily on published Government statistics. On our visits we have stayed with families in the Urban Priority Areas. To quote one example from my own visits; staying two nights with an unemployed family next door to a vandalised house on a hard-to-let estate outside Wolverhampton turned statistics about the collapse of manufacturing industry in the West Midlands into the experience of real people. I am clear that a large number of those who live in Urban Priority Areas are shut out from the opportunities most English people take for granted.

There is much concern today in 'Comfortable Britain' about disorder in the Inner City. This Report sees the importance of Order and Law; it goes on to look behind a punitive concentration on law and order to understanding the different factors which make up the experience of those who live in Urban Priority Areas.

A vicar in Greater Manchester told us, "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." The Report is for the whole Church throughout the country and for the whole nation. We saw the influence that commuter Christians have in their daily work for good or ill as 'gatekeepers of

/...

opportunity'. They control many opportunities of access for Inner City people to obtain jobs, promotion and reliable services. It is my hope that the Report may lead for example, to more Christian business men and women questioning company policies which in effect put a "no-go", "red-line" round whole districts, and to more Christians offering to serve in Urban Priority Areas as teachers or in other caring professions.

Some will no doubt point out that what we recommend would be costly. We have begun by looking and listening to the needs of people in Urban Priority Areas; we set before Church and Nation how it really is in these areas, together with some of the ways in which we believe these needs could be met. We realise that the art of government includes tough choices about priorities. We are making the case for some of those groups which have the weakest voice in making their needs heard. We have made it clear that we believe that those who are fortunate enough to have demanding and well-paid jobs should expect to pay more in taxation. To those who object to greater costs, I ask the question, "Have you worked out the cost of doing nothing?" On our visit to East London a mother said to me, "Going to work was the way in which most people entered adult life. A terrible thing about youth unemployment is that it keeps young people moving in their own age group and stops them finding a place in normal adult life." A Head Teacher of a Midlands Comprehensive School told us, "Unemployment has dealt us a stunning and crushing blow ... there is little motivation ... truancy is high".

Our view of the Church in Urban Priority Areas has included many signs of hope. In every visit I was encouraged by the faith and courage of local Christians I met, even though they are so often struggling against the odds. The evidence showed that Church members in Urban Priority Areas give more money per head to the Church than other Church members in actual terms, let alone in proportion to their incomes. In many parishes we saw Church members much more ^{involved} in the life of the whole community. I believe there is remarkable witness in

our survey of clergy in which we were able to compare attitudes of those serving in Urban Priority Areas with other clergy. It showed that clergy in Urban Priority Areas are more satisfied with ministering in their particular type of parish than those in other areas. They find high "Job-satisfaction" in working where they do in spite of many disadvantages in their environment.

The parish system has meant that the Church of England has stayed in being in every urban priority area. Indeed clergy of the different denominations are often the only professional people who consistently live in these areas. Our recommendations take the parish presence as our firm base on which we need to build new initiatives, increasingly in partnership with other Christian Churches.

In considering multi-racial and multi-faith areas the Commission raised many questions which Christians need to face. I believe we have avoided the sterile posing as opposites on the one hand of proclaiming Christ's power to change individuals and on the other of working to change the structures of society to be more as God wants them. I believe Jesus is Lord of both. If the preaching and worship of the Church are to be believed, they must go hand in hand with active service in the wider community.

Our recommendations stress that black people must be given a proper stake in decision-making and ordained leadership, if they are to feel at home in the Church. The exclusion they have felt from the leadership in the Church is not unlike that experienced by white working-class people in our cities over many years. We believe there is plenty of ability for responsible leadership among local people in UPAs which has often been trampled on: we have much to say about confidence-building and development of lay-leadership and of ordained ministry within UPAs.

/...

I hope there may be great enthusiasm in the whole Church for the proposed Church Urban Fund. It will give those many Christians, who pray and long to be able to do something, the opportunity to help lift some of the heaviest burdens. The fund must go along with facing the changed priorities of which we speak in our main-line Church funding. The Church needs to put its money where its mouth is.

If only we cared enough, the Christian Churches have great influence to shift the nation's priorities as well as our own in the Church. The lack of opportunities for so many urban people is a shame on our nation. But this Report need not be one of fatalism and despair: we have faith in the city; continuing decay is not inevitable. Something can and must be done."

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.

REPORT'S RECOMMENDATIONS

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 costings 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 extra cost estimates 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.

GOVERNMENT RESPONSE

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 tax-payers' and rate-payers' money

The Government is 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.

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 benefitting urban areas have increased in real terms since it came to office.

GOVERNMENT MEASURES

- 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, 9% real terms increase
- Support for local authority posts dealing with the special needs of Commonwealth immigrants DOUBLED to £95M
- Employment and Training measures DOUBLED to £2.2bn (but some double counting with voluntary sector support increase), with further substantial increase in 1986/87 as 2 year YTS introduced, and CP and EAS expanded.

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
- encouraging 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
- promoting enterprise and increasing training, including in high-tech and computer technology

Mr Patten met Sir Richard O'Brien, Chairman of the Archbishops Commission, and offered the Department assistance in assessing deprivation. Meetings have already been held and discussions are continuing towards this aim

8. 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.

Kenneth Baker (when Secretary of State DOE) met the Chief Rabbi who produced a report "From doom to hope" which also questioned the theme that more money needs to be spent. His report which is at odds with the Archbishop was aimed at the solution being an improvement in moral attitudes and protection of the family.

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 for L.A. expenditure

HOUSING FINANCE RECOMMENDATION

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

GOVERNMENT RESPONSE

10. The 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.

APPENDICES

- (1) LIVERPOOL CITY COUNCIL - FINANCIAL SUMMARY
- (2) RSG - MERSEYSIDE
- (3) GOVERNMENT EXPENDITURE IN MERSEYSIDE

Liverpool City Council : Financial Position

1. Expenditure performance

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87
a. Spending compared with GRE	10.7%	9.6%	10.8%	11.6%	1.9%	5.1%
b. Spending compared with expenditure target	6.7%	4.3%	1.5%	2.0%	-0.2%	-
c. Block grant holdback	£5.4m	£6.5m	£0.8m	£3.2m	-	-

GRE

2. Liverpool's GRE increased 41.3% from 1981/82 to 1986/87. The City Council's GRE per head increased 47.8%. The metropolitan district average increases were 44.5% and 47% respectively.

3. Liverpool's GRE per head in 1986/87 is £525.43, the second highest of the 36 metropolitan district councils, after Manchester, and £76.64 (17.1%) above the metropolitan district average.

4. Liverpool's share of the total GRE for England has risen from 1.08% in 1981/82 to 1.15% in 1986/87.

5. Expenditure plans and 'reality'

	1984/85	1985/86	1986/87
a. Original spending intention	£262m	£265m	£311.8m
b. Budget eventually adopted	£223m	£222m	£274.6m (EL)
c. Date of budget	July 1984	November 1985	31 July 1986
d. Gap between a. and b.	£39m	£43m	£37m
e. How gap bridged	reschedule debt, capitalisation, accounting adjustments, more UP grant	reschedule debt, £18m capitalisation, £30m deferred purchase	balances, funds, re-cycling, £9m savings, £30m deferred purchase
f. Increased grant a. → b.	£100m	£90m	£38m
g. Local rate increase	17.9%	7.8%	14.6% (general)
h. Outturn (cf a. and b.)	£221m	£222.5m	-

6. 1987/88. The City Treasurer has estimated that net rate and grant borne expenditure next year could amount to £330m. This would entail a local rate increase of 60%, some 2/3 of which would result from inability to repeat in 1987/88 one-off measures used in 1985/86 and 1986/87. A budget of £330m would be 25.6% above a GRE of £262.687m. Even if £40m savings were implemented, the resulting budget would exceed GRE by 10.4%.

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3 December 1986

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TABLE I
MERSYSIDE 1987/88 RSG - PROVISIONAL EXEMPLIFICATIONS

BLOCK GRANT ENTITLEMENTS

	1 GRANT ENTITLEMENT EM	2 REVISED GRANT A EM	% INC/ DECREASE OVER COL 1	3 REVISED GRANT B EM	% INC/ DECREASE OVER COL 1
Knowsley	40.396	40.952	1.4	42.181	4.4
Liverpool	124.782	128.05	2.6	132.200	5.9
St Helens	41.495	42.467	2.3	42.846	3.3
Sefton	56.372	57.541	2.1	58.182	3.2
Wirral	66.416	67.990	2.4	68.802	3.6
Police Auth	30.198	24.058	- 20	25.097	- 16.9
Fire Auth	17.368	17.427	0.3	17.584	1.2
Trnspt Auth	14.983	17.492	16.8		

Column 1 As shown in Consultation Paper of 3 October 1986

Column 2 Revisions include increase in GRE control totals/ revised interest rate assumptions/further info on rateable values etc.

Grant Entitlement is for spending at levels assumed in 3 December Consultation Paper.

Column 3 Grant Entitlement for spending at level of 86/87 + 2.39% inflation factor.

TABLE II - RSG 1985/86 - 1987/88 (PROVISIONAL ENTITLEMENT)

	1 85/86 GRANT EM	2 86/87 GRANT (ORIGINAL) EM	3 86/87 GRANT ADJUSTED EM	4 % INCR COL 3/ COL 1	5 87/88 GRANT EM	6 % INCR/ DECREASE COL 5/ COL 3
Knowsley	35.115	33.514	40.485	+ 15.3	40.952	+ 1.15
Liverpool	119.356	119.630	137.577	+ 15.3	128.05	- 6.9
St Helens	35.197	34.527	40.436	+ 14.9	42.467	+ 5.0
Sefton	43.771	44.047	55.157	+ 26	57.541	+ 4.3
Wirral	53.485	53.864	67.157	+ 25.5	67.990	+ 1.24

Column 3 Adjustments in Grant - mechanism changes, abolition + GRE methodology changes.

£ Million Cash

	<u>1978-80</u>	<u>1980-81</u>	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u> <u>Forecast</u> <u>Outturn</u>
<u>Table 1</u>								
<u>Government Departments and other Public Bodies: Main Programmes</u>								
DHSS: Hospital and Community Health Services	201	255	281	298	307	327	349	378
Department of Industry: Grants and expenditure towards industrial investment	72	100	126	102	73	77	78	62
Manpower Services Commission	n/a	n/a	53	67	72	72	79	96
Housing Corporation	36	41	44	55	52	51	51	53
Merseyside Development Corp (established 1981-82)	-	-	6	21	32	30	29	28
Department of Transport: Grants, loans and guarantees to Merseyside Docks and Harbour Company	-	-	26	71	39	8	12	13
New Towns (Skelmersdale and Runcorn): Cross capital investment	19	18	15	12	17	14	12	12
Historic Buildings and Conservation Grants: offers made	0	1	1	1	1	1	2	1
Voluntary schools: Expenditure eligible for DES grant	n/a	n/a	0	2	3	2	4	5
<u>Exchequer Support for Local Authority Expenditure: Main Grants</u>								
Rate Support Grant	302	360	378	372	381	371	387	398
Transport Supplementary Grant	19	20	26	30	31	27	3	3
Main Home Office Grants: Police Probation and Magistrates Courts	31	38	44	49	54	59	62 ⁷	72 ⁷
Housing Subsidies	63	70	47	40	19	28	37	45
Derelict Land Grant	1	2	3	7	10	7	8	7
Urban Programme Grant	5	10	11	15	18	25	28	31
<u>Total Main Government Programmes</u>	<u>749</u>	<u>915</u>	<u>1061</u>	<u>1142</u>	<u>1109</u>	<u>1099</u>	<u>1141</u>	<u>1204</u>



2/6

10 DOWNING STREET

From the Private Secretary LONDON SW1A 2AA 21 November 1986

As you know, the Prime Minister has agreed to meet Archbishop Warlock and Bishop David Sheppard on 14 January 1987.

Their concerns will no doubt follow "faith in the City" lines. I should be grateful if you could provide suitable briefing by close on Thursday 8 January.

p.p. David Norgrove

Robin Young, Esq.,
Department of the Environment.

2/6



10 DOWNING STREET

Caroline

Could you invite
Ridley to this meeting
please, then send this
letter for amendment,
with the duty clerk to
do for me?

Thanks.

wad

David.

14 Jan

at 16.30



10 DOWNING STREET

D.A.

Confirmed
for 16.30
on Wednesday
14 January.
CR

Thanks

~~Janice~~

Caroline has asked for tel. nos.
for Archbishop Warlock and
Bp of Liverpool. I have
written the former's down
but as you will have
correspondence with
Warlock, could you give
her his, as I don't
have it - unemployment
etc.

Angela

18.11.86

Angela -
neither GR nor
CF have papers
dealing with
Warlock AR.

Caroline

Please arrange.

DLW
18/11

PRIME MINISTER

Archbishop Warlock and Bishop David Sheppard have asked to see you. It seems they had a meeting recently with Mr. Ridley which they found unsatisfactory, and there is also a debate about Liverpool scheduled in the Lords for January 13.

You have seen the Archbishop and Bishop three times. But I imagine you will not wish to turn them down.

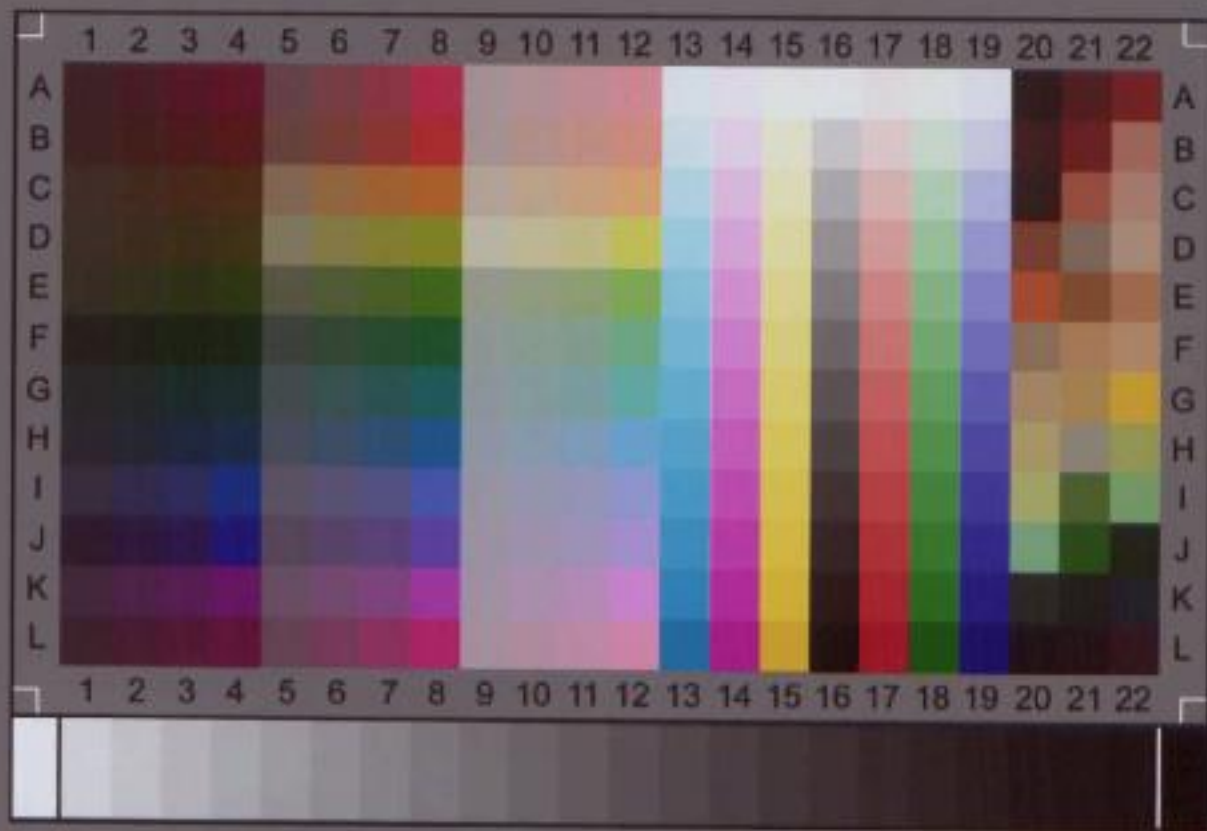
Agree to meet them?

DLW

✓
18/11

DAVID NORGROVE
17 November 1986

Bishop of Liverpool
051 708 9480



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