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Ref. A05118

PRIME MINISTER

Regional
Policy

Merseyside

BACKGROUND

At your meeting on 30th March, the Central Policy Review Staff were asked to develop the ideas in the preliminary report on Merseyside (the record of this meeting was circulated under cover of Mr. Pattison's letter of 30th March). Mr. Ibbs sent their further report to Mr. Lankester on 10th June. With your approval, he subsequently circulated the report, under cover of a letter of 17th June, to the Ministers invited to your meeting on 22nd June - the Chancellor of the Exchequer and the Secretaries of State for the Environment, Employment, Industry, Trade and Transport.

2. Mr. Ibbs's letter of 17th June provides an annotated agenda for discussion of the CPRS report and for decisions on the main immediate proposals and the longer-term issues. The main themes of the report are summarised in paragraphs S1-S15 of the introduction. The CPRS recognise that the revival of Merseyside must depend largely on the revival of the economy as a whole. They fear, however, that, as the economy revives Merseyside may not pick up to the same extent as other depressed areas; at worst it could slip into an irreversible decline. To forestall this they make a number of specific proposals for Merseyside - S12-S15 - designed to strengthen the institutional arrangements for developing an economic strategy for the area which would build on its particular traditions and strengths - that is, in commerce and the service industries rather than manufacturing.

3. The report also raises the wider question whether the particular problems in Merseyside point to the case for a general review of regional policy - S10 and S11 and, in more detail, paragraphs 71-87 of the report; in particular, should the primary purpose of regional policy be the social one of responding to the regions' need for employment, rather than stimulating

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manufacturing investment? Since the Government is committed to the present framework of regional incentives for the life of this Parliament, the CPRS recognise that any such fundamental review would be aimed at changes in the next Parliament. If further work were to be done to this end, CPRS suggest that it might be undertaken in advance of the review, which E(EA) have recently agreed should take place in 1982, of the case for changing the present assisted area boundaries and redrawing the regional map.

HANDLING

4. The main objective of your meeting will be to approve further action to be taken, on the basis of the CPRS recommendations, and to allocate responsibility to particular Ministers for taking the lead on particular items of work.

5. After Mr. Ibbs has introduced his report, I suggest that - unless any Minister wishes to make general introductory points - you might use his letter of 17th June as an annotated agenda and deal with the points listed in it, as follows:

6. Merseyside proposals (paragraph 2)

- Another* ?
X
- (a) The Secretary of State for the Environment to take the lead in the promotion of an economic development forum for the whole of Merseyside (details in paragraphs 20-23 of the CPRS report).
 - (b) Strategy to be developed on the lines summarised in paragraphs 12 and 13 of the report.
 - (c) The Secretary of State for Industry to arrange a joint exercise between his Department and local authorities to promote financial and leisure industries in Merseyside (paragraphs 42-44).
 - (d) The Secretary of State for Trade to encourage the English Tourist Board to promote a tourism development programme for Merseyside (paragraphs 45-48).
 - (e) The Secretary of State for the Environment and/or Transport to promote a joint study by the Port Authority and the Merseyside Development Corporation to encourage port-related industry on surplus dockland (details in Annex B of the CPRS report).

- (f) The Secretary of State for Employment and the Manpower Services Commission to develop special employment and training measures for the area (paragraphs 62-70).
- (i) You will wish to clarify how such measures for Merseyside in particular might fit in with the general measures which the Secretary of State is developing for dealing with unemployment and training problems (possibly Merseyside might be used as an area for trying out pilot schemes).
- (ii) More generally, you might consider whether a special package for Merseyside, covering (a)-(f) above, might lead to pressure for similar measures in other areas, such as Tyneside and, if so, whether this causes any problems.

7. General reviews of relevance to Merseyside (paragraph 3 of Mr. Ibbs's letter of 17th June).

- (a) Does the Secretary of State for Transport agree to the proposal for a review of the national port system (paragraphs 52-61)?

If he does, you might invite him to report to E(EA) which already has on board the problems of the Mersey Docks and Harbour Company and the Port of London Authority.

- (b) Reconsideration of the functions of the two tiers of local government in the Metropolitan counties.

Further changes, if any, on this front, will follow the discussion on 25th June by the Economic Strategy Committee of local government finances and arrangements; this meeting does not need to consider this point.

8. A regional review (paragraph 4)

The Secretary of State for Industry will wish to respond to the interesting arguments for setting up a review leading to a major redirection of regional policy in the longer term. Before commissioning any review, you might ask the Secretary of State for Industry to put proposals, taking account of the CPRS recommendations, to the Ministerial Committee on Economic Strategy, so that

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the other Ministers concerned - and in particular the Secretaries of State for Scotland and Wales - can have an opportunity to comment before any exercise gets under way.

CONCLUSIONS

9. In the light of the discussion you will wish:-
- (1) To record conclusions on each of the CPRS recommendations listed above and, where further action is agreed, to place responsibility on a particular Minister to take the lead.
 - (2) You might also wish to consider whether one Minister - perhaps the Secretary of State for the Environment - should have overall responsibility for overseeing progress on the individual items relevant to Merseyside in particular, and for ensuring that the Government gets maximum political credit for whatever initiatives are taken.

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ROBERT ARMSTRONG

19th June, 1981

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