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cc. Minister 2/8.

SUBJECT

NOTE OF A MEETING HELD AT 1700 ON MONDAY 22 JUNE 1981 AT  
10 DOWNING STREET TO DISCUSS MERSEYSIDE

Present:

The Prime Minister  
The Chancellor of the Exchequer  
The Secretary of State for Employment  
The Secretary of State for Trade  
The Secretary of State for Industry  
The Secretary of State for Environment  
Parliamentary Under-Secretary of State, Department of Transport  
Mr. D. Young, Department of Industry  
Sir Robert Armstrong  
Mr. J.R. Ibbs, CPRS  
Mr. D.J.L. Moore

The meeting discussed a report on Merseyside by the Central Policy Review Staff (CPRS) which Mr. Ibbs had circulated under cover of his letter of 17 June to the Chancellor of the Exchequer.

Mr. Ibbs said that the problems of Merseyside were deep-seated; for 30 years average unemployment in the area had been worse than elsewhere and neither regional policies nor specific action directed to Merseyside had been effective in correcting this. It was now necessary to look for solutions more suited to the special problems and characteristics of Merseyside. It was necessary to do more to secure the better coordination of the activities of the various public sector agencies operating in the area, and CPRS recommended that the present Inner City Partnership mechanism for Liverpool should be revised to provide an economic development forum for the whole of Merseyside. This forum should be charged with the task of adopting and implementing an agreed development strategy which would build on the strengths and traditions of the area: that is, in commerce and the service industries and in small firms, rather than in major manufacturing enterprises. In particular, consideration should be given to developing financial and leisure services and tourism; provision should be made for the development of

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special employment and training measures; a study should be made of ways of encouraging port-related industry on surplus dock land in the area, and this might be set in the context of a more general review of the national ports system. Any general review of the functions of the two tiers of local government in the Metropolitan counties could be of benefit to Merseyside. Although the Government was committed to the present framework of regional incentives for the life of this Parliament, the CPRS recommended that a general review of regional policy should be put in hand to examine the case for changes in the longer term aimed at switching the emphasis of regional policy from the promotion of manufacturing industry to the promotion of employment of all kinds in the most hard pressed regions.

In discussion the following were the main points made:

- (a) Because of the relative attractions of Manchester it was probably unrealistic to think that substantial advances could be made in developing Liverpool as a centre for financial and leisure industries. Something might be made of promoting port-related industries, but this would be more in terms of a salvage job rather than of a major new development. There was no future in trying to mount a tourist development programme for Merseyside as such, though there might be scope for some development of Merseyside as a centre for tourism in North Wales and North-West England. Some service industries and manufacturing firms in the area were successful. The substantial investment in the car industry in Merseyside had, however, largely failed; indeed, as in Glasgow, it had been damaging to the local economy in that it had pushed up the level of wages throughout the area, and priced the traditional employers out of the market.
- (b) A more promising course would be to concentrate on dealing with the problems of dereliction and planning blight. The Merseyside Development Corporation had been set up for this purpose; a wide range of powers were already available to

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deal with planning problems and to provide incentives for investment on land which had been cleared. The Department of the Environment now had comprehensive and detailed lists of land, in Merseyside and elsewhere, owned by public sector authorities which was unused or under used. If these sites could be improved where necessary and sold, new businesses might be set up. The maximum use should be made of funds which were available from European Community sources.

(c) In particular, it was necessary to deal with planning blight resulting from vacillation over the future of the Inner Ring Road which was intended to relieve traffic congestion in the centre of the city and to provide a rapid exit for vehicles leaving the commercial and port area. After long delays the Merseyside County Council, which was the responsible planning authority, had gone ahead with this project. Following the recent elections, the new leadership of the County Council had now brought the work to a halt and were considering cancelling contracts. The Liverpool City Council were more concerned with using the land for housing than for developing the road. To bring the resulting planning blight to an end what was needed was a decision either to get on with the road or to leave it unfinished and to develop a housing programme: the worst outcome would be continued indecision and bickering between the authorities concerned. The problem of the Inner Ring Road was symptomatic of the malaise in Merseyside.

(d) As the problem of the Inner Ring Road illustrated, and as the CPRS had rightly pointed out in their report, lack of leadership and failure of co-ordination between the various authorities was at the root of the problem of developing effective programmes in Merseyside. The CPRS's own solution of building on the Inner City partnership was not, however, the best way forward. The present local authorities were too intent on in-fighting and the development of a new economic forum involving them could well prove ineffective and lead to the further waste of resources. It was now necessary to

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consider the possibility of by-passing the existing authorities and arrangements, and appointing either a "Commissioner" or a senior Minister with the executive powers necessary to take decisions and to ensure that progress was maintained and funds well spent.

(e) The appointment of a Commissioner would require legislation and would lead to demands for similar appointments in other depressed areas. To avoid legislation it would be better to consider the appointment of a senior Minister, who could make use of the wide-ranging powers already available to Ministers, with a role perhaps similar to that played in the early 1960s in the North East by the present Lord Chancellor. There would be no avoiding demands for similar Ministerial appointments for other areas, but to reduce the pressure for this it could be made clear that the appointment of a Minister to deal with Merseyside in particular was temporary and experimental.

(f) It would be for further consideration whether, if a Minister were to be appointed in this way, he should have any additional funds at his disposal. The CPRS had identified, in their report of March 1981, public expenditure in Merseyside in 1981-82 of well over £350 million, and this figure would be much higher if account were taken of all public sector activity in the area. It was arguable that the main task of the Minister should be to ensure that these substantial sums were spent to the best effect and directed to the right priorities. On the other hand, the local authorities and the agencies concerned would be resentful of any attempt to withdraw funds from particular programmes and they would be much more likely to co-operate if some new financial inducement were in prospect.

(g) The opportunity should be taken to press home the message that wages of Merseyside tended to be at national levels and were too high for a depressed area. Unless wages came down people would continue to price themselves out of jobs. More generally, further consideration would need to be given to the problem of the narrowing differential between wages and social security benefits which could discourage people from taking up work.

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The Prime Minister, summing up the discussion, said that the meeting agreed that further work should be directed to dealing with dereliction and planning blight of Merseyside with a view to making land suitable for sale and development. It was clear that the Merseyside local authorities and agencies were ineffective in using the substantial resources and powers available to them and the meeting was provisionally attracted by the idea of appointing a senior Minister with special responsibility for Merseyside. Any such appointment would be temporary and would be presented as an experiment in order to discourage bids for similar Ministerial appointments to deal with the problems of other depressed areas. Before a decision was taken on this possibility, the Secretary of State for the Environment, in consultation with the other Ministers concerned, should make specific proposals for action to deal, under present powers, with planning blight and dereliction and for the role which might be given to a Minister with special responsibilities. He should indicate the costs of this action and the extent to which they could be accommodated within the present expenditure programmes from which Merseyside was benefiting.

The meeting invited the Secretary of State for the Environment, in consultation with the Chancellor of the Exchequer, the Secretary of State for Industry and other Ministers as necessary, to make proposals, as soon as possible and before the Summer Recess, for further action to deal with the problems of Merseyside on the lines indicated by the Prime Minister in her summing-up of their discussion.

TPL

24 June 1981

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