

SECRET

✓ Mr. Haskins  
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Home Affairs: April 80  
Civil Disorder



Prime Minister

I suggest you  
discuss this with  
Mr. Haskins on Monday -  
we will fix a meeting if  
you agree. T.G. 10/7

Prime Minister

MERSEYSIDE AND INNER CITY ISSUES

1. Following our meeting on Wednesday, and the discussion in Cabinet yesterday, I have been considering appropriate ways of responding to events in Liverpool and elsewhere. This minute sets out my proposals on steps that we could take now.
2. First, we are all conscious of the apparently conflicting priorities through which we have to steer. These include:
  - the need as a Government to show proper evidence of our real concern without raising expensive and largely unfulfillable expectations;
  - the need to back the maintenance of law and order, without giving the impression that this is the only issue involved;
  - the need to deal with the particularly acute problems of Merseyside without raising demands elsewhere - and particularly without giving the impression that local communities can secure for their areas expenditure with riots;
  - the translation of the desire of colleagues to see greater co-ordination of programmes and expenditure in a way which would avoid the conflicts arising from the vested interests of the existing spending priorities of Whitehall.
3. It happens that the coincidence of a number of events affecting Merseyside may offer us a way through. I am Chairmain of the Partnership Committee on which sit representatives of the District and City Councils. I have this week seen the Leaders of Merseyside and Liverpool. Both have asked for our help with the current difficulties. Already:

- Parliament has in the last 2 days approved land vesting orders relating to the UDC. The Corporation can now start work: you had a note earlier today on the UDC's powers and present plans;
- the Enterprise Zone in Speke is expected to be operative by the end of July;
- the team of private and public sector advisers I appointed to

look at each of the 143 sites of unused or underused land in public ownership of over an acre in size in Liverpool have today provided me with their first appraisal, site-by-site. We estimate - on a broad brush basis - that £10 million may be required within the city to put each site into economic use, for commercial or housing development, or to convert it into a community asset - such as a playing field.

4. This combination of factors means that I would, in any event, be deeply involved in Merseyside. But I could now, and so propose, significantly increase the urgency with which Merseyside's problems are dealt with by convening an immediate meeting of the Partnership Committee in Liverpool. I would then propose to spend much of the immediate future operating with the local authorities and the UDC, but based in Liverpool, not London.

5. I would devote that time - say 2 weeks - overtly to dealing with the urgent issues that have been raised with us and the opportunities that exist. But in the process I would need to consult widely locally. This would enable me to provide for you a further report on the wider issues of a co-ordinated approach to our policies. This would be quite private to you and Ministerial colleagues and thus avoid the impression that a "great new initiative" was coming. Perhaps it will, but I feel that we must give no hint of this until we have thought through all the implications, and looked hard at co-ordinating means. Whilst in Annex A you will see the scale of central government support you will readily appreciate that the preparation of such a list - in itself I understand an unprecedented event! - is a long way from persuading any one colleague to surrender a part of his spending in favour of another.

6. My firm view is that a serious reappraisal of resources would be achieved - if desired - only by a collective decision arising from a committee chaired either by you or a very senior colleague, such as the Home Secretary or the Chancellor of the Duchy. Any other co-ordination, in real terms, could simply be an endless squabble. But all of this would, if you agree, be for consideration on the report (and any subsequent work) I would put forward to you and colleagues on the wider Merseyside dimension.

7. There is a real problem of heightening expectations to unreal

levels, and a proposal for a Minister to spend 2 weeks in Liverpool would clearly lead to intense speculation. There are ready explanations of my presence in my capacity as Partnership Chairman, and as the Minister to whom the UDC is responsible, though I would need to give too a frank explanation of the immediate relationship with recent events.

8. There is no point in thinking for one moment that the exercise would be anything other than a disaster if I was not empowered to take real decisions on my own area of responsibility whilst I am there. Nor can those decisions only be implemented by compensating cuts in existing programmes. I could not advise you to expose a Minister to the inevitable hostility that this would produce.

9. Merseyside does face a different scale of problem in physical terms which only effective capital spending can solve. We have recognised this in the special programmes which already exist. As I have told you, however, it is my view that we need to build up additional capital programmes immediately, perhaps to the extent of an extra £100 million of capital spending by 1983.

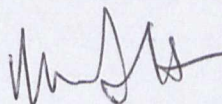
10. I see these programmes as essentially designed to create conditions so that private sector resources can be utilised, and quickly. These would include schemes for bringing ~~into~~ use the derelict sites noted above. We would increase the urban programme - much of which will go into industrial development. There would be environmental and housing improvement.

11. But this should not be seen solely as a public sector venture. There are some very good private sector concerns in Merseyside. My first task would be to pull in the private sector on the widest possible scale. I should promote local enterprise trusts on the lines of the highly successful example of St Helens; we would provide the financial support, local business the personnel. We would attempt to bring in the institutions wherever possible, on the lines of the American social responsibility fund. The building societies would be asked to promote assured tenancy schemes - I understand that the Abbey National is already talking to the UDC. I would build on our existing good relationships with private sector builders.

12. But this has to be backed by public sector resources to do land clearance and reclamation and necessary infrastructure, and for the environmental and housing improvement which can only be done in the public sector.

13. If you agree, we can begin to set this up immediately. I would then report back to colleagues after 2 weeks on the wider issues. You may like to consider whether a member of your staff - perhaps David Wolfson or John Hoskyns - should join me in Liverpool: I realise that I would need to rely very much on your personal support.

14. I am copying this only to Robert Armstrong and Robin Ibbs, who also attended your meeting on Tuesday.



MH

PUBLIC EXPENDITURE IN MERSEYSIDE 1981/82

	<u>£M</u>	FORM OF EXPENDITURE
1. <u>Department of Industry, regional policies:</u>		
(a) Regional development grants paid in SDA (not identical to County Council area) in 1980/81 totalled <u>£80m</u> capital. Outturn for 1981/82 expected to be slightly lower, say,	75	cash grant
(b) Selective financial assistance under Sections 7 and 8 of Industry Act, accepted grant offers, capital; together with office and service industry incentive scheme (OSIS), offers outstanding, capital, for 1981/82 say,	7	cash grant
(c) Advance factory programme through EIEC, capital budget for SDA	10	capital budget
2. <u>Department of Employment, MSC</u>		
Budgeted expenditure, capital and current, for youth opportunity programme, community enterprise programme, community industry, temporary short-time working compensation scheme and job release	<u>61</u>	capital & current budget
3. <u>Department of the Environment</u>		
(a) Urban programme: Liverpool Partnership, Wirral programme authority, budgeted expenditure, mainly capital	21	mainly capital budget, 75% grant aided
(b) Merseyside Development Corporation, budgeted expenditure very largely capital	17	capital budget, mostly grant aided
(c) New Towns: Skelmersdale and Runcorn, not in Merseyside County area, gross capital budget	18	capital budget
(d) Water and sewerage: Water Authority's capital budget for Merseyside, includes additional £5M allocated for this year	16	capital budget
(e) Housing Corporation, expected capital spend in Merseyside say,	30	capital budget
4. <u>Department of Transport</u>		
Special aid to Port of Liverpool under Ports (Financial Assistance) Act 1981. Actual spend depends upon Ministerial decisions, assistance to date	14	cash grant repayable

5.	<u>DHSS</u>	<u>£M</u>
	Regional Health Authority, capital budget	19 capital budget
6.	<u>Local Authorities' capital programmes</u>	
	Total covers capital allocations plus expected capital receipts for Merseyside County, Liverpool, Sefton, Wirral, St Helens, Knowsley Districts, covering housing, transport, education, personal social services, other services	116 capital budget
		—
	TOTAL, say,	400
		—

OTHER CURRENT EXPENDITURE

1.	DHSS	
	Supplementary Benefit, unemployment pay	£200-£250
2.	Local authorities	£665
	of which rate support grant £361 m	

This does not include nationalised industry, defence or PSA spend.  
There may yet be further undetected pockets of expenditure