

NO 10 TO CORNWALL

MINUTE TO THE PRIME MINISTER FROM MR LANKESTER

C O N F I D E N T I A L

INNER CITIES

WE HAVE SENT DOWN IN THE BOX MICHAEL HESELTINE'S LONG MINUTE ON MERSEYSIDE, WHICH HE HAS CIRCULATED TO THE WHOLE OF CABINET, TOGETHER WITH HIS COVERING NOTE WHICH IS PERSONAL TO YOU. I OFFER BELOW SOME SUGGESTIONS ON HANDLING.

MR HESELTINE'S PROPOSALS FALL ESSENTIALLY UNDER THE FOLLOWING HEADS.

(1) CONTINUED MINISTERIAL COMMITMENT TO MERSEYSIDE AND APPOINTMENT OF MINISTERS WITH RESPONSIBILITY FOR OTHER CONURBATIONS. THIS IS A MATTER VERY MUCH FOR YOU, AND IS OF COURSE RELEVANT TO ANY MINISTERIAL CHANGES. HOWEVER, I EXPECT YOU WOULD WANT TO DISCUSS IT WITH THE HOME SECRETARY, AND MR HESELTINE IS OBVIOUSLY HOPING THAT HE WOULD BE CONSULTED. IN HIS COVERING MINUTE, HE SAYS THAT HE HOPES THAT "SO FAR AS POSSIBLE MINISTERS WITH FUNCTIONAL RESPONSIBILITIES RELATING TO THE CONURBATIONS SHOULD BE CONSIDERED FIRST".

(2) REORGANISATION OF REGIONAL OFFICES, AND A SINGLE REGIONAL OFFICE FOR LIVERPOOL. SEVERAL DEPARTMENTS HAVE AN INTERESTS IN THIS (DOE, DOE, DHSS, EMPLOYMENT, DES, AND TRANSPORT). I THINK THE FIRST STEP IS FOR US TO GET ADVICE FROM SIR IAN BANCROFT. AGREE?

(3) REDIRECTION OF REGIONAL AND EMPLOYMENT POLICIES, AND ALLOCATION OF SUBSTANTIAL EXTRA RESOURCES TO MERSEYSIDE AND TO THE INNER CITY AREAS GENERALLY. MR HESELTINE SUGGESTS AN EXTRA NET £100 MILLION A YEAR FOR MERSEYSIDE, AND AN EXTRA AMOUNT (UNSPECIFIED) TO OTHER HARD-PRESSED CONURBATIONS. APART FROM HIS PROPOSALS FOR REVIEWS OF PARTICULAR POLICIES, THIS BOILS DOWN TO THE BASIC ISSUE OF WHETHER WE SHOULD BE GIVING NEW PRIORITY IN OUR PUBLIC SPENDING AND OTHER POLICIES TOWARDS THE INNER CITIES, AND THUS IN EFFECT REVERSING THE TREND UNDER THIS GOVERNMENT TO GIVE GREATER PRIORITY TO THE SHIRE COUNTIES. THERE IS ALSO THE POINT WHICH BEARS ON OUR WHOLE ECONOMIC STRATEGY OF WHERE THE EXTRA RESOURCES SHOULD COME FROM: SHOULD THEY BE AT THE EXPENSE OF OTHER PROGRAMMES, OR IN ADDITION TO THEM? ALL THIS IS REALLY A MATTER THAT WILL HAVE TO BE DECIDED IN CABINET, AND IN ADVANCE OF FINAL DECISIONS ON PUBLIC EXPENDITURE.

(4) POSSIBLE ABOLITION OF THE METROPOLITAN COUNTIES AND THE G L C. MR HESELTINE SUGGESTS THAT THIS SHOULD BE EXAMINED QUICKLY AN INTER-DEPARTMENTAL GROUP. THIS IS OF COURSE A VERY SENSITIVE SUBJECT, AND I DOUBT WHETHER YOU WOULD WANT TO SET IN HAND THIS REVIEW WITHOUT THE ENORSEMENT OF CABINET OR AT LEAST E.

AT SOME STAGE IN SEPTEMBER, I THINK YOU WILL NEED TO HAVE A DISCUSSION OF MR HESELTINE'S PAPER IN CABINET. BUT IN ADVANCE OF THAT, YOU WILL WANT TO REACH YOUR OWN VIEW ON HIS MINISTERIAL RESPONSIBILITY PROPOSAL, AND I THINK YOU WILL WANT TO REACH SOME MEASURE OF AGREEMENT WITH MR HESELTINE AND THE CHANCELLOR ON THE BIG QUESTION UNDER (3) ABOVE. YOU COULD (UNDERLINE COULD) BRING IN THE OTHER MINISTERS WHO ARE MOST CLOSELY CONCERNED - I E EMPLOYMENT, INDUSTRY, EDUCATION, D H S S AND TRANSPORT. HOWEVER, I THINK IT WOULD BE BETTER FOR YOU TO CONFINE A PRELIMINARY MEETING TO THE CHANCELLOR AND MR HESELTINE PLUS THE HOME SECRETARY. KEEPING IT THIS SMALL WOULD ALSO ENABLE YOU TO DISCUSS THE MINISTERIAL RESPONSIBILITY POINT. YOU CAN THEN DECIDE WHETHER TO GO STRAIGHT TO CABINET OR WHETHER TO HAVE A FURTHER, ENLARGED MEETING WITH THE MINISTERS MENTIONED EARLIER IN THIS PARAGRAPH PLUS POSSIBLY THE SCOTTISH AND WELSH SECRETARIES.

THE BEST DATE FOR THE PRELIMINARY MEETING WOULD SEEM TO BE THE MORNING OF MONDAY 7 SEPTEMBER. YOU COULD (UNDERLINE COULD) DO IT THE PREVIOUS WEDNESDAY BEFORE GOING TO BALMORAL: BUT ROBERT ARMSTRONG WOULD NOT BE AVAILABLE (HE WILL BE ON HOLIDAY IN SWITZERLAND AND I BELIEVE HIS PRESENCE IS QUITE IMPORTANT), IT WOULD BE CLIVE'S FIRST DAY BACK AND I WILL NOT BE HERE. IF YOU AGREE THEN, WE WILL GO FOR A MEETING ON MONDAY 7 SEPTEMBER WITH THE HOME SECRETARY, MR HESELTINE, THE CHANCELLOR AND SIR ROBERT ARMSTRONG. WE WOULD GET A BRIEF FROM THE CABINET OFFICE, AND ALSO ADVICE FROM IAN BANCROFT ON THE REGIONAL OFFICE PROPOSAL.

MESSAGE ENDS

14 AUGUST 1981