

NOTE FOR THE RECORD

cc: Miss Stephens <sup>Reg Blinn</sup>  
(for meeting arrangements)  
bc: Mr. Hoskyns.

The Prime Minister commented on Mr. Lankester's teleprinted note of 14 August that a lot more work had to be done before Mr. Heseltine's document on Liverpool could be discussed.

I spoke to her about her wishes today. She said that she found the document to underline the problem of lack of coordination in handling the significant sums of money which had flowed into the area from central Government in recent years. She did not believe that this problem would be overcome either by allocating one Cabinet Minister to each of the major conurbations, thus adding one new layer of bureaucracy, or by pushing more money into the system before the coordination problem had been worked out. But she needed first to discuss the broad issues with Mr. Heseltine and one or two senior colleagues. In addition to the Home Secretary she would be content to have the Chancellor present if available. She would also like to include Sir Keith Joseph, in view of his letter to Mr. Heseltine about the handling of the redevelopment of the Tate and Lyle refinery site.

I spoke to Mr. Gregson in the Cabinet Office about this. He said that Departments were not well placed to undertake any substantive further work in the next couple of weeks. Many of the relevant staff were on holiday, and when further work was undertaken it would be better if it could be much more clearly focused as a result of some political discussion which might select between the many ideas raised in Mr. Heseltine's report.

No substantive further work has therefore been commissioned for the 7 September meeting. Mr. Ibbs will offer some analytical comments on the paper. The Cabinet Office will offer a brief suggesting issues which should be taken up in the meeting. They will work on the assumption that Robert Armstrong will be invited. Presumably Mr. Ibbs will also be invited.

*MA*

19 August 1981