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In the course of his work on Merseyside my Secretary of State has to hold dialogues with representatives of the black groups whose attitude is a key to improving things in the area. A recurrent theme is that the problems of the black community are different, not understood, and not the subject of proper consultation. Equally it is difficult for either the Secretary of State or his Task Force to move about within the black community to see if behind the self selected and articulate there are more reasonable and constructive potential leaders. This problem exists not only in Liverpool but also where there are substantial numbers of West Indians and Asians. By and large these are in "inner cities", The Urban Programme is an important source of funding for them, even though it is not a specifically "ethnic" programme. But there are difficulties about choosing the best types of project from those that local authorities put forward and about arrangements for consultation with local groups. These are simply examples, though important ones, of the wider issue of how local authorities respond to the needs of ethnic minorities - to which the recent select committee report drew attention.

In replying to that, the Government has rejected the idea of a separate unit in DOE concerned exclusively with racial disadvantage, but announced that the Inner Cities Directorate (whose responsibility includes the Urban Programme) would be given responsibility for taking a general view of racial disadvantage as it affects the Department's own area of interest. My Secretary of State has also asked Sir George Young to take a particular interest in co-ordinating the Department's approach to the ethnic community.

In furthering this work, my Secretary of State believes that it would be extremely valuable to have advice available to him and to the Department on these issues from someone who might be expected to have the confidence of ethnic groups and who would be knowledgeable both about the workings of public authorities and about the particular difficulties of black enterprises. He believes that such advice could come only from a member of the black community. Indeed he believes that he needs to be seen to be influenced by such advice. He therefore has in mind to appoint one, but probably two, people as special advisers, if the Prime Minister agrees.

His immediate proposal is to appoint someone with public sector experience to help with the work described above, but he wants to give further thought to finding also a black manager from the private sector. He believes that it would help very much in getting big companies thinking constructively if they were dealing with someone with private sector experience. The Prime Minister will be aware that American experience

has moved very much in this direction since the inner city disturbances there in the 1960s. In both cases he has in mind that in view of the unusual nature of the field of selection, appointments should desirably be for a period of 6 months in the first instance. If, however, the particular individuals proved satisfactory my Secretary of State would expect to want to extend their appointments until they ceased under the terms of Sir Ian Bancroft's letter of 14 May 1979. The procedure for appointment of special advisers laid down in that letter would of course be followed when it cam to the choice of an individual. But the proposal for my Secretary of State to appoint a black adviser at all is likely to attract wide interest, and he therefore thought it right to seek the Prime Minister's approval at this stage. He has discussed the idea with the Home Secretary, who supports it.

I am copying this to John Halliday (Home Office).

D A EDMONDS

Private Secretary