

TO: PRIME MINISTER

FROM: JOHN REDWOOD, MP

17 September 1987

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Prime Minister 2

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INNER CITIES

Trying to make general policy out of the mixture of motives, monies and attitudes in Whitehall Departments is going to fail. Where your policies have worked best in the past - as with privatisation and industrial relations reform - one Ministry has been clearly in the lead and one Minister has been its champion.

u.D.C.s
The only place from which to pioneer inner city policy with vigour and success is the Department of the Environment. Inner city rehabilitation will rest squarely upon the success you have in granting planning permission for new ventures in the inner cities and encouraging land assembly so that people can easily rebuild them. The government will not have the money nor the inclination to pay for the buildings themselves. The DoE money should be spent on land assembly, land reclamation and basic infrastructure so that these areas become attractive to developers who will then pour in hundreds of millions of pounds to complete the work.

The programme will take initial funding as the London Docklands Development Corporation has shown. Within five years it is possible for a development corporation to be generating cash so that it can repay the government. The early years of high expenditure are years of land assembly and land improvement. The subsequent years should be years of land disposal at much higher land prices reflecting the added value from improvement and from the growth of new developments on that land.

It is important to have visible results in time for the next election. Because of this it is a good idea to spend money quickly within the next year on the leading development corporations so that there will be something to show within four years. The additional money which Nicholas Ridley will require should come from reductions in other programmes - most notably from cutting rate support grant for the

inner city councils who have shown themselves incapable of spending it wisely and who are the root of much of the inner city problem.

The most serious decision to be made is that over staffing for both the urban development corporations themselves and for the teams that will be needed to implement the radical housing policy you have outlined. London Docklands triumphed in part because Nigel Brookes and Bob Mellish were an excellent team who believed in the project and who were determined to make it work. You will need equally dedicated people to get the UDCs off the ground in the new areas and to sell the housing policy to tenants who in the first instance will be unenthusiastic about the idea of life under a tenants co-operative or a new landlord.

John Moore's initial team in the Treasury to get privatisation underway on a big scale in late 1983 shows what can be done by hand picking the right civil servants and enthusing them with a good policy. The same hand picking will have to be done from the DoE for the new housing activities.

DTI have a role to play in selling the opportunities in the cities to British manufacturing and service industry. But they should not be allowed to waylay the programme by a long debate over various types of benign contract compliance. It will not be easy persuading industry to get involved in some of the city areas and if unpleasant restrictions are placed on them about where they will get their labour from it could prove the straw which breaks the camel's back.

The response so far to your inner cities policy has been excellent. The press has widely welcomed it. The public in both the north and the south of the nation think it is the right thing to be doing. There is no outright opposition apart from the inner core of the Left - only some scepticism amongst those who are watching it as to whether in the time available and with the resources at your disposal you can achieve something visible.

I believe you can as you have shown in East London. To do so will require early and good decisions on people and money for the two chosen central features of the policy - these are the urban development corporations and the housing ownership changes. Both will need aggressive marketing.



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From the Private Secretary

21 September 1987

The Prime Minister was very grateful
for your note of 17 September on inner
cities. She read it with her usual care!

David Norgrove

John Redwood, Esq., M.P.

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