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PRIME MINISTER

22 September 1987

INNER CITIES REPORT

We attach points on (A) Mr Sorensen's paper and (B) Sir Robert Armstrong's proposals.

(A) The language of Mr Sorensen's report is now consistent with the Government's philosophical framework, but it lacks substance and misses a few crucial areas. To make progress at the meeting next week we will need to be clearer about the next steps and responsibilities. You might raise the following with him:-

1 The role of local leadership: There is no recognition of the crucial role of strong local leadership. Consequently there is no discussion of how the Government can help such leadership emerge. The Glasgow Action team of prominent businessmen provides one model of how such a leadership group can work. Similarly, Ernest Hall in Halifax. To be effective they need to be self started, not Government appointed. But Government can help by talking about local leadership and encouraging BIC and other community organisations to stimulate local members to take up the challenge.

You might ask Mr Sorensen for a clearer plan of how Government can encourage and work with local leadership.

2 Departmental programmes: A wide range of possible initiatives has been identified over the last few months under the umbrella of encouraging motivation and enterprise. The submission from BIC contained a long list of ideas, and some are mentioned in the report. We need to ensure that all these ideas are developed by Departments to the point where they can then be presented as a package.

We suggest you ask Mr Sorensen for an agenda of possible initiatives within each Department that you could ask the relevant ministers to pursue.

3 Establishing a theme Mr Sorensen would like to develop a White Paper. This could be useful in helping to change the climate, but we are not ready yet. The report is a collection of ideas without a clear theme, other than the brief mention of objectives on page 2. Is our approach bottom up, top down or a mixture? Is it deregulatory or is it interventionist through grants and tax incentives?

- There is no discussion of whether grants are effective, distort the market or weaken fledgling businesses!  
Ernest Hall's miracle in Halifax needed no subsidies.

- There is no mention of the danger that increasing welfare payments and social subsidies may weaken motivation and exacerbate the dependency culture.

You might ask Mr Sorensen to set out our new approach and how it is based on motivating people to respond to opportunities, not succumbing to the temptation to throw money at the problem without tackling the root causes of social and economic decline.

4 Selling Motivation and Self Help: Selling the message of motivation and hope to depressed communities without sounding patronising or uncaring is a daunting task. If we are to encourage self help, the communication of our policy is as important to our success as the policy measures themselves.

For example, we might consider running adverts within the "Action for Jobs" series aimed directly at demotivated inner city residents - showing individual examples (role models) of people who have picked themselves up and



grasped opportunities under the theme "You've got it in you too". Examples from the US could also be used.

We suggest you ask Mr Sorensen to consider how we might best develop an effective marketing strategy.

- 5 Deregulation: The proposal to form a derelict land agency is a good example of what must be done. We would go much further with this.

If you want to discuss this we have some practical proposals.

(B) Central Government organisation

- 1 We agree with Robert Armstrong's conclusion that the Cabinet Office is not the appropriate place for a permanent inner cities responsibility. The only practical proposition is to recognise the leadership role of the Department of Environment with its key departmental role.
- 2 However, we are very concerned that Mr Ridley may find a leadership role on the inner cities difficult to handle. His energies are fully absorbed by his heavy load on housing, the Community Charge and water privatisation. You might therefore consider appointing a Minister of State to the Department of Environment under Mr Ridley to be the Government's public face on inner cities policy - someone with the energy and communicating skills of, say, Chris Patten or David Mellor who would nevertheless not be seen as a threat to Cabinet Ministers in other Departments.
- 3 It will also be necessary for you to convene occasional meetings of E(UP) under your Chairmanship to allow other Ministers to have their say and ensure that DoE does not simply revert to its traditional Government expenditure based approach to urban policy.

NRB.

NORMAN BLACKWELL



HARTLEY BOOTH

Regional Pol: Inner Cities P.110.



PRIME MINISTER

INNER CITIES

You are meeting Eric Sorensen to discuss the draft of his report. Richard Wilson and Hartley Booth will also be present, and Hartley has provided a note.

I found Sorensen's report disappointing. It is of course easy to have exaggerated expectations in this area and, given the time available, it may have been unrealistic to expect more. But the report at present suffers from many of the same weaknesses as John Fairclough's paper on research and development. It lacks vigour and bite.

Nevertheless, reading Sorensen's report, there are in fact quite a number of places where there are the germs of ideas or where recommendations are put hesitantly and in a sideways fashion. The report would be much improved and it would lead to a better discussion if at these places it were to say more precisely what is proposed, to indicate costs where appropriate and to direct the recommendation firmly at a Department or group of Departments. The recommendations will be lost unless they are directed firmly at someone who will be spurred either to accept them or to seek to reject them.

I have marked in the margin of your copy places where the report can be sharpened up in this way.

You will not want to discuss machinery of Government matters (on which see minutes from Sir Robert Armstrong and Bernard) at tomorrow's meeting. That is something to be talked through with Robert himself. But I do wonder whether an official Committee shadowing the Ministerial Committee is the best way of continuing work on the inner cities: interdepartmental disagreements in this area are sufficiently large that a report reflecting the lowest common denominator amongst Departments is likely to be low indeed.

I recommend that you ask Sorensen to sharpen up his report (taking more time if necessary) and discuss with him what he sees as the next stage. My suggestion would be that he should be invited to bring together material on the effectiveness of all the various programmes and grants now being directed specifically at inner cities. What output are we achieving from the various grants and programmes? Is there a case for stopping some and expanding others? Is the balance right as between, for example, MSC training programmes and work on clearing derelict land and building workshops? No-one can prove an answer in these cases, but it would be useful to have someone make an assessment which would look across Departments.

David Norgrove  
22 September 1987



Ref. A087/2740

MR WICKS

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Inner Cities: Final Report

Mr Sorensen's final report is to be considered at your meeting on 1 October.

2. The report describes and makes recommendations about the inter-departmental organisation on the ground. It indicates that there needs to be some means of drawing departments together at the centre. But it does not make any recommendations for that purpose. It is of course for the Prime Minister to decide, as a matter of machinery of government, how this is to be done.

3. There are two needs to be met:

i. there needs to be some way of improving the co-ordination of the formulation and the implementation of policy towards inner cities among the departments concerned in Whitehall;

ii. there needs to be some focus of Governmental activity on this matter, as it affects outside organisations and the inner cities themselves, and for the purposes of presentation.

4. One possible course would be a machinery of government change. I assume that the Prime Minister will not want to create a 'Ministry for Inner Cities', with its own Cabinet Minister, to which all existing departmental functions relating to inner cities are transferred. Short of that, it would be possible to transfer some of the functions performed by one



department to another department: for instance, it would be possible to transfer responsibility for task forces (to which the Chancellor of the Duchy of Lancaster has given a high profile at the Department of Trade and Industry) to the Department of the Environment, who have the inner cities directorate and dispose of the major part of the policy and the largest share of resources relating to inner cities.

5. A second possible course, without transferring functions, would be to identify one department clearly as the lead department. Thus, one of the Secretaries of State with a considerable stake in inner cities could be identified as the lead Secretary of State: he (supported by his department) would be responsible for an over-view of inner city policies, for co-ordinating the policies and programmes of the Government which relate directly to inner cities, and for presenting the Government's programmes and policies to the media and the public. There are also many areas of Government policy more generally which affect inner cities (eg education, training, crime prevention): there needs to be a focal point for drawing these threads together as well.

6. A third possible course, which could be combined with one or other of the first two, would be to strengthen the machinery for inter-departmental co-ordination of policies and programmes at Cabinet Committee level. Thus, it would be possible to retain the Ministerial Committee on Urban Policies (E(UP)) under the Prime Minister's chairmanship, and to set up a corresponding committee of officials, under the chairmanship either of the Cabinet Office or of a lead department, and to invite that committee to keep the progress of policies and programmes under review and to report every (say) three months to the Ministerial Committee.

7. Mr Sorensen has done a very useful job in the preparation of his report; but I do not think that this is a case for a





continuing unit in the Cabinet Office. Responsibility in this area requires energetic day-to-day management and presentational skills, and as such is best discharged by a department led by a Secretary of State.

8. In deciding what mix of these courses to adopt, the Prime Minister will wish to have regard to the politics involved, and in particular to the uneasy relationship between the Secretary of State for the Environment, who has the major policy and resource commitment, and the Chancellor of the Duchy of Lancaster.

9. I do not think that formal changes in the machinery of government are needed or are likely to be helpful at the present time. I judge that what the situation needs is a combination of a clearly identified lead Secretary of State and department and a strengthening of the inter-departmental machinery for co-ordination of policies and programmes. If inter-departmental rivalries were to become a serious nuisance, you might need to return to the possibility of transferring the task forces from the Department of Trade and Industry to the Department of the Environment; but it ought not to be necessary.

10. As to which Secretary of State and department should be in the lead, I have no doubt that the Chancellor of the Duchy of Lancaster would like not only to continue his present involvement but, with his Secretary of State, to become the lead department. But Mr Ridley will find that very difficult to accept; and Mr Ridley's department has the larger commitment in terms of policy functions and resources. On balance, I believe that the right course would be to make the Department of the Environment the lead department, and Mr Ridley the lead Secretary of State, with Mr Trippier as the junior Minister supporting Mr Ridley on this side of his work with special responsibility for presentation. It would be possible to put the Chancellor of the Duchy of Lancaster in charge, with

Mr Trippier supporting him; but it is unlikely to be easy to have a junior Minister in one department supporting a Cabinet Minister from another.

11. Because of the inter-departmental rivalries, I have no doubt that there will be a continuing need for the Ministerial Committee (E(UP)); I think that an inter-departmental official committee in support of the Ministerial Committee would have a useful role; and that it is likely to be more useful if it is under Cabinet Office chairmanship than under Department of Environment chairmanship (because of inter-departmental rivalries).

12. The Prime Minister will no doubt need to review this in the light of discussion at the E(UP) meeting. Subject to that, however, I recommend:

- a. no formal changes in machinery of government;
- b. designation of the Secretary of State for the Environment as the 'lead' department with responsibility for the co-ordination, over-view and presentation of Governmental policies and programmes on the inner cities;
- c. the setting up of an official committee on urban policies, to keep under review inter-departmental co-ordination of programmes and policies and to report progress to the Ministerial Committee.

RTA

ROBERT ARMSTRONG

18 September 1987





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RETURN TO SENDER

1987

REGIONAL POLITICIAN CLUBS

PRIME MINISTER

INNER CITIES

Eric Sorenson has sent me a copy of his draft report, just received so I have had no opportunity to read it or mark it up. But I send it to you now so that you can look at it over the weekend if you wish to do so. The meeting to discuss the final report is on Thursday 1 October. But it could well help if you were to discuss the report with him before it is finalised and circulated, which points to a meeting in the middle of this <sup>coming</sup> week.

*If possible - yes*

*DN*

DAVID NORGROVE

*DN*

18 September 1987

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