



CONFIDENTIAL

P 02942

PRIME MINISTER

INNER CITIES

1. The main business for the meeting is the Cabinet Office paper which Mr Norgrove circulated on 26 November. You may also wish to discuss the Environment Secretary's minute of 28 October about the creation of mini-UDCs and subsequent ministerial correspondence.

Decisions

2. In the Cabinet Office paper we have tried to put together material which will enable you to take practical decisions about the development of inner cities policy. There are three main aspects.

3. First, there is the question whether the Government should select a number of inner city areas and ask departments to co-ordinate and intensify their efforts in them with a view to achieving results over, say, a three-year period. In particular you may wish to decide:

(a) whether it is right in principle to select areas in this way;

NOT in principle - but in practice we shall concentrate on the areas where the prospects for advancement are best.

(b) what the areas should be. The paper suggests eighteen possibilities, some or all of which could be chosen;

(c) whether the next step should be to commission detailed studies of, say, two of them, for consideration at the group's next meeting; and if so, which they should be. The paper mentions Wolverhampton and Manchester but these are only suggestions;



(d) whether the present balance of ministerial visits to inner city areas is about right; and if so whether there should be regular briefing arrangements for all such visits to these areas.

4. Second, a decision is needed on Mr Ridley's proposals to establish mini-UDCs in Bristol, Leeds, Central Manchester and Wolverhampton.

5. Third, a decision is needed on whether work should be set in hand on the preparation of a White Paper (or similar document) on inner cities policy. The Cabinet Office paper suggests what such a statement of Government policy might look like and includes a possible mock-up of its cover and introduction.

Background

6. At its last meeting on 26 October the group asked the Cabinet Office to circulate information about the distribution of Government resources between different inner city areas and commissioned a paper on the possibility of selecting areas where Government effort could be intensified, including areas in the North West, Birmingham and the West Midlands, the Leeds and Bradford area and Tyneside and Teesside, and possibly one area in the South West. It was agreed that the chosen areas should concentrate on places with potential where action was most likely to succeed. The Cabinet Office was also asked to do preliminary work on a White Paper and to prepare a list of forthcoming ministerial visits to inner cities.

7. On mini-UDCs, it was agreed in principle in E(A) on 28 April that the Environment Secretary should proceed with his proposal for three or four low-budget UDCs, subject to agreeing the details with the Chief Secretary (E(A)(87) 9th Meeting). Mr Ridley set out his proposals in a letter to the Chief Secretary on 28 October. He proposed that there should be feasibility studies for the creation of such UDCs in Leeds, Bristol, Central Manchester and Wolverhampton, with a view to having the UDCs in place by early summer. He proposed also to have a mini-UDC in the Lower



Don Valley of Sheffield and to keep open the possibility of establishing a mini-UDC in St Helens. The Chancellor of the Duchy of Lancaster and the Employment Secretary have supported him. The Chief Secretary has suggested that any decision should be deferred until this group has selected areas where Government action is to be intensified, to make sure that the policies are consistent. For the rest, he has expressed reservations about the Lower Don Valley and has asked for assurances about public expenditure and a number of more detailed aspects.

Main Issues

8. The charts attached to the Cabinet Office paper illustrate clearly the lack of co-ordination which exists at present in the Government programme on the inner cities. For instance:

(a) Liverpool receives the third largest expenditure on inner cities development of any area in England (£362 per head of working population): Annex C. It is also a substantial beneficiary of inner city initiatives: Annex B. But in terms of potential it receives one of the lowest ratings of any of the main inner city areas in England: Annex D;

(b) by comparison Bolton is an area of relatively high potential but receives roughly half the amount per head of population (£176);

(c) Ministerial visits are relatively frequent in London, the North West and Merseyside, but very few are planned for the North East and East Midlands over the next three months.

9. The case for selecting particular areas for an intensification of effort by departments is set out in the Cabinet Office paper. Such an approach is likely to produce better value for money, to achieve a clearer drive for private sector involvement and to produce results which can be clearly demonstrated. There



are however two main disadvantages which you will wish to weigh up.

(a) If there is any public hint of a "short list" of favoured inner cities it could provoke great protest from other areas not included in it who will want to be given the same priority. It would be hard to explain why some areas had been chosen and others not. There is no scientific way of choosing which cities should receive intensified treatment. We have tried to find objective criteria (see Annex D). But at the end of the day it is a matter of judgment.

(b) There is also the point that concentrating on inner cities with potential will tend to mean that less weight is placed on inner cities where the need is high and the potential appears to be low. On the other hand, as Annex D illustrates, it is not always the case that areas of high potential have low need or vice versa. Some areas which we are suggesting have both high need and high potential, eg Birmingham.

10. It may be that the best course is to avoid creating anything which looks too much like a Government short list but simply get down to work by selecting, say, two areas from the list of cities in the Cabinet Office paper (paragraph 7) and commission detailed work on what action needs to be set in hand to produce results over the next three years, for consideration at the group's next meeting. Thereafter the aim could be to select another couple of cities for each meeting, and thereby build up a portfolio of inner city areas around the country where a special effort is being made to produce results without formalising their names in anything which looks too much like a short list. The Cabinet Office paper suggests that the first two cities which might be chosen for this treatment could be Wolverhampton and Manchester. These are areas where Mr Ridley wishes to have mini-UDCs; they already have a DTI task force in them; and they appear to have the right sort of



potential. But it would certainly be open to the group to choose others if it wished to do so. There is no right or wrong decision.

Mini-UDCs

11. On mini-UDCs you may want, subject to the Chief Secretary's views, to agree that Mr Ridley should proceed as he proposes on the basis that:

(a) the cost should be accommodated within his present budget for UDCs, derelict land grant and urban regeneration grant. He has in effect already conceded this but the point is worth checking;

(b) he should state clearly at the outset that the new UDCs will have a limited life;

(c) that there should be realistic output targets for the UDCs, to be set when the consultants' study is completed; and

(d) decisions on St Helens and Lower Don Valley should be discussed further between officials.

Ministerial Visits

12. The table of ministerial visits (Annex H) suggests that there is an imbalance in the areas which Ministers will be visiting over the next three months; London and Merseyside, for instance, appear to be doing rather well, even though they do not appear to be areas of particular potential for successful inner city policies, whereas there are very few visits to the North East and the East Midlands. We cannot be sure that the information in the annex is complete; departments have been slow to send in replies. But if it is complete, you may wish to discuss whether there is a case for trying to redress the balance.



White Paper

13. Finally a decision is needed on whether the Government should publish a statement of its policy on inner cities, on the lines suggested in the Cabinet Office paper (paragraph 16 and Annex G). The aim of such a document would be:

(a) to give greater publicity to the substantial volume of resources and effort which the Government directs into the inner cities; and

(b) to provide a practical guide for business and the general public to the various forms of Government assistance available to people with enterprise in the inner city areas.

14. If you agree that such a White Paper - or similar document - should be prepared, the suggested timetable is publication in February. But this could be changed if the group thought that some other time scale would be more advantageous.

Organisation

15. Assuming that action is put in hand on the lines suggested in the Cabinet Office paper, there will need to be a decision about who should be responsible for following it up. You are considering the organisational aspects separately (Sir Robert Armstrong's minute of 18 September and my minute of 17 November). The job to be done is concerned much more with the detailed presentation of Government policy and co-ordinating its implementation (eg visiting inner cities, encouraging local business, identifying the specific results to be achieved and monitoring progress), rather than with the formulation of policy.

Handling

16. You may wish to invite the Environment Secretary, the Trade and Industry Secretary and the Chancellor of the Duchy of Lancaster to comment on whether there should be a selection of areas for intensifying Government action and, if so, which they



should be and whether they should be published. Other Ministers will wish to contribute as necessary.

17. Once a decision on this central issue has been reached, you may wish to turn to the question of Mr Ridley's mini-UDCs, ministerial visits and more generally the publication of a White Paper.

R.T.J.W.

R T J WILSON
Cabinet Office
27 November 1987



10 DOWNING STREET

Prime Minister

Mr Ridley has proposed
for mini UDCs

- Leeds -
- Bristol -
- Central Manchester
- the lower Don valley
- extension at
Wolverhampton
- decision on St Helens
later.

The Chief Secretary had doubts
about the lower Don valley.

DKV