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Inner Cities Statement

Mr. Heseltine made his statement in the form which you saw over lunch. The Treasury agreed his figures provided that he described the increase as "up to £55 m".

The House was quite thin, but there was plenty of interest from those present. Most speakers welcomed his announcements, although Opposition Members predictably saw the sums as drops in the ocean. Mr. Kaufman tried to use the occasion to bait Mr. Heseltine on the court decision against his withholding last October, and on his recent actions on some partnership schemes. He and Mr. Heseltine then had an exchange about the prices basis for the figures included in today's statement: I fear they managed to give the impression that neither of them understood how the new figures compared with previous figures revalued to current prices.

There was no single theme to Supplementary Questions, although Government Backbenchers welcomed the idea that public money was to be used in co-operation with private money wherever possible. Among the Merseyside Members, Anthony Steen welcomed the statement, and sought confirmation that the revitalisation measures would not be limited to the inner city - he pointed out that most derelict land was to be found in the outer areas of the conurbations. Allan Roberts said that Mr. Steen would be the only man from Merseyside to find this announcement satisfactory, whilst David Alton saw the sums as paltry in comparison with the reduction in capital resources for Liverpool over recent years. Bob Parry wanted more for public housing, but Mr. Heseltine pointed to the need for rehabilitation of much of the existing housing stock.

On the Government side, John Stokes/<sup>wanted</sup>reassurance that this new money was not "danegeld" to appease the rioters, whilst Tony Beaumont-Dark wanted to be sure that London and Merseyside got only a fair share of the new money, when cities like Birmingham had needs which had not been brought to public attention through riots. Michael Latham



saw new work and new hope for the stricken construction industry as a result of the announcement. Peter Bottomley asked the Secretary of State to find ways of allowing local authorities who stay within spending targets to have longer advance notice of the volume of resources available to them from the city.

On the Opposition side, most speakers concentrated on putting in bids for their own constituencies to benefit in some way. Breaking away from this, Charles Morris stressed the problem of youth unemployment, and asked that local authorities should be guided to give priority to this problem in using their funds. Mr. Hesltine agreed with this objective, and said that he had some ideas in mind, such as suggesting a higher ratio of apprentices to craftsmen in some of the construction work which might now be undertaken.

The statement will have been marginally helpful as part of the backdrop to the Scarman Debate, but I doubt whether it will blunt the Opposition's demand for much more resources for inner city areas.

MA

9 December, 1981.



## Inner Cities

3.33 pm

**The Secretary of State for the Environment (Mr. Michael Heseltine):** The Government recognise that no single announcement can be the measure of the inner city and urban problem, but it is important to take those decisions that we can as soon as practical.

Next week my right hon. Friend the Minister for Local Government and Environmental Services will chair a major conference for the European Campaign for Urban Renaissance which will seek further ways of encouraging the voluntary sector in the inner cities.

I must now take important decisions about the allocation of my departmental resources to the urban areas and inner cities next year. Public expenditure is in many cases essential, but it is not, and of itself cannot be, the whole answer. As important is the need to open a range of opportunities for private involvement and investment, which will add significantly to the public resources in urban areas and will widen the choice in many areas for those living and investing there. The urban areas, and especially the inner cities, have a concentration of unemployment and a deterioration of environment that argue for a particular stimulus for the construction industry and capital programmes.

It is against that background that I have reached certain conclusions about the allocation of my departmental programmes for next year. First, the Government believe that the derelict land programme should play a bigger role in urban policy. Derelict land reclaimed at public expense can lead to development by the private sector that adds very substantial private expenditure to the basic public expenditure. At the moment very little reclaimed land is developed. Next year I intend to increase the derelict land programme from £40 million to £45 million.

In allocating the uncommitted part of the programme I shall have particular regard to bids from local authorities in conjunction with the construction industry demonstrating the use to which the reclaimed land is to be put. I shall look especially favourably on those joint public-private sector schemes drawn from the land registers that offer the greatest private sector enhancement for every pound of public expenditure. I shall especially look to schemes that lead to housing, industrial, commercial, sporting and recreational opportunities. I shall invite representatives of the local authorities and the construction industry to meet me next week to establish the procedures whereby I receive special bids for joint schemes by the end of January.

Secondly, we shall enable the two urban development corporations of London and Merseyside to undertake substantially more projects in 1982-83 than in the present year. I expect to authorise some £50 million worth of schemes compared with the £15 million that they expect to spend on works this year. The House will realise that this, too, will attract much greater sums of private investment to enhance the effort that the public sector is making.

Finally, we have taken a important decision about resources for the urban programme in 1982-83. The local authorities in partnership and programme areas were asked to draw up programmes on a basis that would have implied a total of £215 million for the urban programme as a whole. I am glad to say that we have been able to improve

substantially on that figure and will increase the total available by up to £55 million to some £270 million, including a special provision of £5 million additional stimulus to low-cost home ownership.

My announcements today must be seen in the context of an urban problem that will demand our continuing attention. They do not represent a whole response, but they make an important contribution.

**Mr. Gerald Kaufman (Manchester, Ardwick):** As we shall be debating these matters at length tomorrow, I shall confine myself today to questions seeking clarification of certain matters.

First, can the Secretary of State say on what annual price basis the sums of money that he has mentioned are posited? Secondly, can he say whether the figure of £270 million is inclusive or exclusive of the two docklands urban development corporations? If it is inclusive, can he provide a comparison on a constant price basis with the £224 million that he announced last February for the whole urban programme at 1980 survey prices? If it is exclusive can he provide a constant price basis comparison with the £158 million that he announced for the urban programme, exclusive of docklands?

Thirdly, will the Secretary of State give further details of the matters that he announced at Question Time last Wednesday, when he said that he had approved new urban programme projects in Lambeth, Hackney and Tower Hamlets? We wish to have details of those. Fourthly, can he say what decision he has reached about reimbursement to the six local authorities that were successful against him in the October court judgment on the £8,983,000 that he unlawfully withheld from them?

Fifthly, does the Secretary of State intend to reimburse the urban programme grant that he withheld from Hackney, Islington and Lambeth in September 1980? Sixthly, will he now abandon his attention of holding back £44,666,000 in rate support grant from 17 partnership and programme authorities as a penalty for alleged overspending?

**Mr. Heseltine:** I am holding consultations with the London boroughs involved in the recent court action very much in accordance with the views expressed in the action. Details of further schemes for expenditure approval in the three London boroughs is for discussion among the boroughs, and I believe that it is now taking place.

I shall write to the hon. Gentleman to add to what I say at the Dispatch Box so that he may have a clearer picture, but I can say that the figures that I gave were on a cash basis. The £270 million is inclusive of the urban development corporation's expenditure. To break down the figures to some extent, I can tell the right hon. Gentleman that it is anticipated that next year's urban expenditure programme, on a constant price basis, will be at the highest level ever. The figure for the urban programme for 1979-80 at November 1979 constant prices was £179 million. It is expected to rise to £190 million in 1982-83 on the same money base.

**Mr. Kaufman:** Can the right hon. Gentleman help me a little more? The calculations that he makes are not clear. He has clarified what I fear he sought not to clarify in his statement—the £270 million is inclusive of the two urban docklands development corporations.

**Mr. Heseltine:** I should have said that it is exclusive and in addition to the £270 million.

*Reg Bd*



**Mr. Kaufman:** In February, the right hon. Gentleman announced an allocation of £158 million for 1981-82, exclusive of docklands. Is the £158 million at 1980 survey prices directly comparable to the £270 million which he has now announced for the urban programme? If so, can he revalorise it so that the two figures are directly comparable?

Secondly, does the right hon. Gentleman intend to proceed with holding back the £44,666,000 from the 17 programme and partnership authorities? If so, it would largely cancel out any increase that he has announced.

**Mr. Heseltine:** I am not making a statement today about the decision on holdback on the current overspend of local government. I have made my position clear. I believe that the over-expenditure on current account is one reason why we have seen significant reductions on capital account. It would not be right to reduce the pressure to secure reductions in current expenditure to facilitate the increase in capital expenditure. The right hon. Gentleman is familiar with the damage done previously as a consequence of such a procedure. The capital programme of his own metropolitan district of Manchester of £144 million in 1974-75 was reduced to £100 million under the Labour Government. I am trying to bring about a shift in favour of capital expenditure to reverse the trend.

I shall write to the right hon. Gentleman about his second point, as the figures are in different money bases and must be seen in comparative terms, but I can tell him that what I announced is a significant increase in real terms. The £158 million for 1981-82 is in November 1979 prices and compares with the equivalent of £190 million for the 1982-3 announcement, but at November prices the £190 million is the equivalent of the £270 million in cash, which I referred to in the statement.

**Several Hon. Members rose—**

**Mr. Speaker:** Order. I remind the House that these matters are to be debated tomorrow and that we have two important and abbreviated debates to follow, involving eight Front Bench speeches. Therefore, I shall allow questions to run until 4.5 pm.

**Mr. Anthony Steen** (Liverpool, Wavertree): Will my right hon. Friend accept that the whole House—apart from the right hon. Member for Manchester, Ardwick (Mr. Kaufman)—welcomes what is one of the most important statements for some time concerning the revitalisation of city areas? Will he confirm that there will be no loss of local authority autonomy, and that the funds for the reclamation and revitalisation of land will not be confined to inner city areas but can be used for outer areas, where the majority of the vacant, dormant and derelict land lies?

**Mr. Heseltine:** I am grateful to my hon. Friend for his helpful remarks. There is no intention to reduce local authority autonomy. Indeed, I believe that local authorities will benefit from the opportunities of the enhanced resources on capital account. Outer city areas will be very much considered in the derelict land scheme.

**Mr. George Cunningham** (Islington, South and Finsbury): Does the Secretary of State remember that we were able to persuade him that increased partnership spending by local authorities should not be counted when working out whether a local authority had fallen into the

penalty area on overspending? In view of his statement, can he guarantee that the arrangement will continue this year?

**Mr. Heseltine:** If the hon. Gentleman would be good enough to wait until we come to the rate support grant settlement, all those matters will be taken into account. We shall have to weigh the matter particularly against the changed bases for the GREA formula, which in the main, if I may say without anticipating the settlement, are likely to have a favourable impact on inner city areas.

**Mr. David Alton** (Liverpool, Edge Hill): How can the Secretary of State talk about increased capital expenditure opportunities for local authorities when in Liverpool over the past two years there has been a £24½ million reduction in capital resources, through a 25 per cent. reduction in the capital allocation of the housing revenue account, and a £11½ million reduction in the RSG settlement? Is he not merely giving us crumbs while taking away the meal? What is his answer to the allegation of the leader of the Liverpool city council that over the past five years, because of reductions in capital expenditure, Liverpool has lost 11,000 jobs?

**Mr. Heseltine:** I am in constant touch with the leader of the Liverpool city council and I hear a totally different message from him about the work that I am doing. I am sure that the people of Merseyside will realise that what I have announced today will be of considerable benefit to them.

**Mr. John Stokes** (Halesowen and Stourbridge): Will my right hon. Friend give a categorical assurance that the large sums of money that he announced are not Danegeld to appease rioting areas but are soundly based to assist the recovery of the whole of the United Kingdom?

**Mr. Heseltine:** My hon. Friend will realise that, despite the real stresses in urban areas, the riots were severely limited. What I have announced today will benefit many parts of the country where there were no riots.

**Mr. Robert Parry** (Liverpool, Scotland Exchange): Is the right hon. Gentleman aware that the Tory-Liberal coalition on the Liverpool city council is not building any public housing in the inner areas, in spite of the long waiting list and the demolition of pre-war tenement blocks? Will he speak to the council about that fact?

**Mr. Heseltine:** I cannot compete with the hon. Gentleman's knowledge of his area, but he will be aware that to solve the housing problem in Liverpool requires the restoration and rehabilitation of the large number of empty and derelict houses and not the building of more houses.

**Mr. John Cartwright** (Woolwich, East): Is the Secretary of State aware that many of us welcome his acceptance that the problems of the inner cities can be tackled effectively only by a partnership between public and private investment? Does he accept that the extra resources that he announced today will not have the dramatic impact that is needed, particularly when they are set off against cuts in the rate support grant? What will he do to tackle the problem of the appalling quality of life on many inner city housing estates and provide more jobs in inner cities, particularly for the young unemployed?

**Mr. Heseltine:** I am grateful to the hon. Gentleman for recognising what I believe every serious observer of the



position understands—that only with the combined resources of the public and private sector shall we bring about a new approach in the urban areas. I wonder whether the hon. Gentleman has fully understood the gearing effects of my proposals. I hope that the substantial sums of money that are being made available will attract additional sums from the private sector. I believe that there will be a significant impact on job creation in the area, but to have gone forward at a significantly different speed from the one that I announced today would not have measured up to the difficulty of making decisions on the precise schemes that we should follow.

**Mr. Fred Silvester** (Manchester, Withington): I congratulate my hon. Friend on making another contribution to the repair of the inner cities and particularly on the way in which he has done it. He spoke about capital and the involvement of the construction industry, and referred to special bids being made by January. Are we putting a time limit on that which would make it difficult to get the full benefit from such a scheme?

**Mr. Heseltine:** I have had to consider that carefully. It is a question of balancing the opportunities to prepare in detail the schemes with the need to bring an urgent injection of help and hope to those areas. I believe that many authorities already have schemes and, working quickly in conjunction with the private sector, will be able to put forward proposals. It is right, therefore, to err on the side of moving quickly, although it is open to me to modify the timetable if necessary.

**Mr. Charles R. Morris** (Manchester, Openshaw): Is the Secretary of State aware that the major feature of Britain's inner city problem is the question of the young jobless? Is he further aware that in Greater Manchester alone 68,000 young people are unemployed? In the allocation of the funds, will he encourage local authorities to give priority to projects for the young unemployed?

**Mr. Heseltine:** I share the right hon. Gentleman's view. On Merseyside, I have been trying to put precisely that emphasis on my proposals. I hope to make additional announcements about how we are experimenting precisely to find opportunities of that sort. One experiment in which the House may be interested, and which I hope shortly to be able to confirm, is that we should have a higher ratio of apprentices to craftsmen on some of the schemes that we are trying to pioneer for building new houses.

**Mr. Anthony Beaumont-Dark** (Birmingham, Selly Oak): I join other hon. Members in welcoming my right hon. Friend's statement. We are particularly grateful for the fact that he should be showing real and abiding interest in urban problems. Are we to understand that the £35 million extra for London and Merseyside is the total and that the extra £55 million is therefore to go to the other deprived areas? Is my right hon. Friend aware that the fact that Birmingham did not involve itself in the unruly elements does not mean that there is not a great deal of work to be done there? Will he take up the point made by my hon. Friend the Member for Liverpool, Wavertree (Mr. Steen) that the outer city areas have just as many problems and could be helped that much quicker to make the cities really worth living in?

**Mr. Heseltine:** Of course, I want to ensure that the West Midlands has an appropriate share of the funds that are available because that area is having a difficult time

at present. I have tried to make it clear what funds are available to the urban programme at large, as opposed to the urban development corporations. I want to ensure, when I consider the bids under the derelict land schemes, that the outer areas are considered as important as some of the inner areas.

**Mr. John Maxton** (Glasgow, Cathcart): Is the Secretary of State aware that, although we have had no riots in any cities in Scotland, the problems of industrial decline and social deprivation are just as great, certainly in the city of Glasgow? Will the right hon. Gentleman say whether we shall have an equivalent statement from the Secretary of State for Scotland about the measures that he intends to take to tackle the problems of inner cities in Scotland?

**Mr. Heseltine:** All territorial Secretaries of State are grappling with their own regional and urban problems. I have been privileged to send my officials to Glasgow to see what is happening with the GEAR scheme, and I hope to go there myself. My right hon. Friend the Secretary of State for Scotland is in the Chamber and doubtless has heard the hon. Gentleman's comments. I am sure that, in the fullness of time, he will want to draw to the attention of the House the excellent work that he is already doing in Scotland.

**Mr. David Gilroy Bevan** (Birmingham, Yardley): I thank my right hon. Friend for the help that he has announced, which is desperately needed by inner cities such as Birmingham, where it is possibly more desperately needed than in other areas. I thank him also for promoting active schemes between the private sector and local government. Without pre-empting his conversations next week, will he be more precise about how he will utilise the private sector to help statutory owner schemes?

**Mr. Heseltine:** I sympathise with my hon. Friend's interest in that aspect of my announcement. Although I shall take a flexible attitude, depending on the response, I have in mind that local authorities that are able to show that they have derelict land that can be cleared with the aid of derelict land grant shall be given preference if they say that they can then make use of the land for building or recreational purposes, which will give a private sector enhancement to the public sector finance that I am prepared to provide.

**Mr. Clinton Davis** (Hackney, Central): Does the Secretary of State agree with the Commission for Racial Equality which has argued that effective measures to tackle racial disadvantage have been frustrated by the shift of resources from the inner cities for which he has been responsible? What will he do to deal with the inequalities that he created by the shift in policy on the rate support grant, which is now clearly to be seen to the prejudice of inner city areas, particularly in an area such as mine in Hackney?

**Mr. Heseltine:** The shift of resources that I made was largely from London to the provinces. Within that shift there was significant proportionate gain to some of the inner city areas. That was necessary in order to deal with the problems that had been created by the Labour Government, who made such a major shift from the provincial areas, including the metropolitan provincial areas, to London. The biggest shift took place because some London authorities very much overspent their targets



[*Mr. Heseltine*]

and therefore, under the block grant mechanism, voluntarily went through a process where they accentuated the shift away from London. As part of the process of trying to regenerate capital investment in this country, we have to pull back on current consumption.

**Mr. Michael Latham** (Melton): Is my right hon. Friend aware that one reason why this statement will be particularly warmly welcomed is that it will bring new work and new hope to the sorely stricken construction industry? Has he any intention of using the funds for fast-moving schemes, such as improvement schemes and land reclamation, because the problem is getting people back to work in the industry?

**Mr. Heseltine**: I am grateful to my hon. Friend, who knows a great deal more than I do about the construction industry. I want to keep an open mind as to the schemes that I select. Having "put on the table" the sum of money that is available, I would be better advised to wait for the response of the construction industry and the leaders of local government about how the money should be spent. I shall be calling urgently for meetings in order to get that under way.

**Mr. Kevin McNamara** (Kingston upon Hull, Central): Will the right hon. Gentleman say what sort of regional spread he envisages? Will he say how much will go to Merseyside, Humberside, the city of Hull, and so on, so that we may have some idea of whether our local councils should spend time preparing schemes?

**Mr. Heseltine**: I do not at present have in mind a regional spread. I am interested in the quality of the schemes and the work that can flow from them. I believe that local authorities, particularly the local authorities in the hon. Gentleman's area, will react quickly to ensure that they get a proper share of the available finance.

**Mr. Den Dover** (Chorley): Is my right hon. Friend aware that the private sector will greatly welcome his further involvement of it in the rebuilding of inner cities? Does he accept that many of us welcome the fact that he is using public expenditure in the most effective and efficient way—by pump priming?

**Mr. Heseltine**: I am grateful to my hon. Friend. It is necessary to take every advantage that we can of the incremental expenditure from the private sector. I am aware that many local authorities have substantial capital receipts at their disposal which, under the new regimes, they are free to spend on capital programmes. They are not fully utilising those receipts.

**Mr. Allan Roberts** (Bootle): Does the Secretary of State accept that everyone on Merseyside, other than the hon. Member for Liverpool, Wavertree (Mr. Steen), will consider his announcement as being inadequate to deal with the problems of Merseyside? How much of the £50 million being allocated to the urban development corporations will be spent on Merseyside? Does the right hon. Gentleman accept that there is a need not to distribute the rate support grant, which has already been greatly reduced by the Chancellor of the Exchequer, in such a way that inner city areas such as Merseyside suffer once again?

**Mr. Heseltine**: I am sure that the hon. Gentleman has a meaningful dialogue with some people on Merseyside,

but my experience shows that there is a real welcome for what I have been trying to do on Merseyside. It is curious that the hon. Gentleman has failed to notice that. It is difficult to allocate money to the UDC on Merseyside and then spend it in another part of the country.

**Mr. John Sever** (Birmingham, Ladywood): Will the Secretary of State bear in mind that the money he is prepared to allocate to Birmingham will be well spent? There is no shortage of schemes available to use the money. Does he recognise that the regeneration that he is looking for in such places as Ladywood, in the centre of Birmingham, will come about only when much greater Government attention is given to the problems of inner cities and far greater resources are made available? May we look at today's statement as being the forerunner of many others?

**Mr. Heseltine**: I agree that money spent in Birmingham under the schemes will be well spent. The response of the local people will be typical of the determination to help themselves which characterises many people in the West Midlands. I very much sympathise with that view. I understand the need to continue to exert pressure and to help the inner cities—provided the hon. Gentleman realises that that means public and private help in partnership.

**Mr. Jack Straw** (Blackburn): Will the Secretary of State confirm that the additional resources for land clearance will be available to the designated inner urban areas such as Blackburn? Is he aware that much of the problem of unused land in inner urban areas arises from the obliteration of the public housing programme, which has not been, and cannot be, met by the private sector? Are there any proposals to increase the allocation of funds to the public housing programme? Does he accept the truth—however unpalatable—that, in the words of his own minute to the Prime Minister, it took a riot to make the Government change their policy?

**Mr. Heseltine**: The whole House realises that it serves no purpose to pretend that the inner city problem grew up under this Government. The decline throughout the inner cities is long standing. Local authority capital expenditure was halved by the Labour Government, which must be remembered when attempting to apportion blame. Let us remove ourselves from trying to apportion blame. The derelict land programme can be considered for the area represented by the hon. Gentleman. I hope that it will make an appropriate bid.

The hon. Gentleman referred to the decline of public housing, which I have always been the first to recognise. However, that was continuing in a straight line downwards under the Labour Government, and the capital programmes were substantially reduced by them after 1975—as the hon. Gentleman and the right hon. Member for Manchester, Ardwick (Mr. Kaufman) know. I greatly deplore the fact that the right hon. Gentleman is doing his best—although not an effective best—to prevent new rental accommodation in the private sector. He is also doing his best to persuade people not to buy their council houses, which would provide cash for the improvement of other council houses.

I hope that the whole House will welcome the fact that our announcement about next year's capital programme



for public sector housing is the first time for many years that a Government have looked for stabilisation rather than decline in the programme.

**Mr. Peter Bottomley** (Woolwich, West): Does my right hon. Friend accept that additional capital investment in inner cities is greatly welcomed? Will he find some way whereby local authorities, if they keep within Government spending targets, may know in advance what capital sums are likely to be made available to them?

**Mr. Heseltine:** I very much agree with my hon. Friend's remarks. The more certainty and the longer period of notice that we can give in these matters, the more probable it is that we shall maintain the levels of expenditure. I am concerned because the local authority capital programmes appear to be significantly underspent. There are substantial resources that are not being spent but which could be spent under the freedom of the local government capital regimes. I hope that my hon. Friend will bear that in mind.

**Mr. Guy Barnett** (Greenwich): Is the Secretary of State aware that I agree with his emphasis on co-operation between public and private enterprise in the redevelopment of inner city areas? He will know that one of the best examples of that is pursued by the London borough of Greenwich, where there has been highly successful co-operation. I hope that he will learn from that. The whole of his package appears to concentrate on physical construction projects. Does he not realise that one aspect of inner city redevelopment is investment in people? What funds will he make available to extend nursery, adult and further education and skill training, all of which are vital to the redevelopment of industry in inner city areas?

**Mr. Heseltine:** The hon. Gentleman, perhaps through my fault, may have misunderstood the implications of what I said in my statement. While I wish to see the weighting of the programmes swung more and more towards capital investment, it is within the powers of the urban programme to support current expenditure. Indeed, a substantial amount of current expenditure is being sustained on the urban programme.

I said in my statement that the Government attach great importance to encouraging the voluntary sector in many of the inner urban areas. That can be supported by the urban programme. It is a question of balance. It is not an absolute determination that only capital sums should be brought into play during the coming year. It is a question of swinging the balance and trying to make correct judgments.

*Later—*

**Mr. Ken Eastham** (Manchester, Blackley): On a point of information, Mr. Speaker. As you know, it was announced on the television screens that there would be a statement on the inner cities. Some of us have a special interest in the subject, and we sat patiently in our places and attempted to catch your eye, Mr. Speaker. What is the purpose of notifying us that a statement is to be made if we cannot join in the questioning?

**Mr. Speaker:** The hon. Gentleman is not the only person who is disappointed. Many hon. Members will be disappointed later this evening when they fail to catch the eye of the Chair during the debate that has been delayed. If every hon. Member lets his indignation pour over me when he is not called while making what is not a genuine point of order, it will make life extremely difficult. When I was not called by the Chair, I used to go and have a cup of tea in the Tea Room.



## Privy Councillors (Participation in Debates)

**Mr. Arthur Lewis** (Newham, North-West): On a point of order, Mr. Speaker. I do not know whether, among your various commitments, you have had the opportunity to read *Hansard*. May I refer you to your earlier remark that eight Front Bench speakers wish to take part in the debates today? Yesterday, when you were not in the Chair, I raised a point of order on two occasions. There was a continuous spate of Privy Councillors coming into the Chamber, making their speeches and walking out. They did not put in another appearance until the Front Bench speeches, and some did not return to the Chamber at all.

Some of my Back-Bench colleagues are not Privy Councillors. They have been trying to catch your eye, Mr. Speaker. You said that questions would end at 4.5 pm, and I make no complaint. However, if there is to be a regular habit of Privy Councillors receiving preferential treatment, making their speeches and walking out, my hon. Friends on the Back Benches will not have an opportunity to speak.

Will you consider that matter, Mr. Speaker, to determine whether there could be a fairer sharing of time in our debates for all Members? Will you tell the Privy Councillors that only a limited number of them should speak? That would allow Back Benchers, who have very little time available to them, the opportunity to take part in debates.

**Mr. Speaker:** I am much obliged to the hon. Gentleman, who is an experienced Member of the House. I shall certainly consider his constructive proposal for a limit on the number of Privy Councillors called in any debate. I realise the frustrations and difficulties that are caused.

The hon. Gentleman drew our attention to increasing evidence of the discourtesy—not limited to Privy Councillors—of Members speaking in the debates and then leaving. That is unworthy of the House. It has long been our tradition that if anyone participates in a debate he owes the House his attention for the remainder of the evening, at least until the debate concludes.

## London Docklands Development Corporation

**Mr. Nigel Spearing** (Newham, South): On a point of order Mr. Speaker. Can you assist and advise me? From debates in the House you will be aware that the London Docklands Development Corporation has taken over powers of local government in a substantial area of London, especially in relation to compulsory purchase, public land, and planning powers.

The three areas involved are Newham, Tower Hamlets and Southwark.

The only public representatives who can call the Secretary of State to account for any action of this particularly undemocratic and unelected body are the respective Members for those constituencies, who can pursue parliamentary procedures. An additional £50 million has been allocated to this undemocratic corporation for expenditure in my constituency and in others. I hope that you can advise me, Mr. Speaker, on the way in which I can call the Secretary of State to account and ask him questions when announcements of this sort are made.

**Mr. Speaker:** I cannot be as helpful to the hon. Gentleman as I was to the hon. Member for Newham, North-West (Mr. Lewis). However, I shall consider what he has said.





*cc Mr. Price*

2 MARSHAM STREET  
LONDON SW1P 3EB

My ref:

Your ref:

9 December 1981

*Dear Mike*

INNER CITIES STATEMENT

Thank you for your letter of 8 December. I now attach the latest draft of the proposed statement. The 2 square-bracketed figures in the penultimate paragraph relate to matters still under discussion with the Treasury.

I am copying this to John Halliday (Home Office), Nick Huxtable (Lord President's Office), Muir Russell (Scottish Office), John Craig (Welsh Office) and Terry Mathews (Chief Secretary's Office).

*Yours sincerely  
J. Jacobs*

J JACOBS  
Private Secretary



The Government recognises that no single announcement can be the measure of the inner city and urban problem but it is important to take those decisions we can as soon as practical.

Next week my Rt Hon Friend the Minister for Local Government and Environmental Services will chair a major conference for the European Campaign for Urban Renaissance which will seek further ways of encouraging the voluntary sector in the inner cities.

I have now to take important decisions about the allocation of my Departmental resources to the urban areas and inner cities next year. Public expenditure is in many cases essential.

But it is not, and of itself cannot be, the whole answer.

As important is the need to open a range of opportunities for private involvement and investment.

This will add significantly to the public resources in urban areas and will widen the choice in many fields for those living and investing there.

The urban areas and particularly the inner city have a concentration of unemployment and a deterioration of environment that argues for a particular stimulus for the construction industry and capital programmes.

It is against this background that I have reached certain conclusions about the allocation of my Departmental programmes for next year.

First the Government believes that the derelict land programme should play a bigger role in urban policy.



Derelict land reclaimed at public expense can lead to development by the private sector that adds very substantial private expenditure to the urgent public expenditure.

At the moment very little reclaimed land is developed.

Next year I intend to increase the derelict land programme from £40 to £45m.

In allocating the uncommitted part of the programme I shall have particular regard to bids from local authorities in conjunction with the construction industry indicating the use to which the reclaimed land is to be put.

I shall look especially favourably on those joint public/private sector schemes drawn from the land registers that offer the greatest private sector enhancement for every pound of public expenditure.

I shall particularly look to schemes that lead to housing, industrial, commercial, sporting and recreational opportunities.

I shall invite representatives of the local authorities and the construction industry to meet me next week to establish the procedures where by I receive special bids for joint schemes by the end of January.

Second we will enable the 2 urban development corporations of London and Merseyside to undertake substantially more projects in 1982/83 than in the present year.

I expect to authorise some £50m worth of schemes compared with the £15m they expect to spend on works this year.

The House will realise that this, too, will attract much greater sums of private investment to enhance the effort that the public sector is making.

Finally, Mr Speaker, we have taken an important decision about resources for the urban programme in 1982/3.



The local authorities in partnership and programme areas were asked to assume for planning purposes that they would receive roughly the same in real terms as in 1981/82.

This would have implied a total of £215m for the Urban Programme as a whole.

I am glad to say that we have been able to improve substantially on this figure and will increase the total available by <sup>up to</sup> [£55m] to some [£270m] including a special provision of £5m additional stimulus to low cost home ownership.

Mr Speaker, my announcement today must be seen in the context of an urban problem that will demand our continuing attention.

They do not represent a whole response but they make an important contribution.





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- 9 DEC 1991





*cc Mr. Price*

2 MARSHAM STREET  
LONDON SW1P 3EB

My ref:

Your ref:

9 December 1981

*Dear Mike*

INNER CITIES STATEMENT

Thank you for your letter of 8 December. I now attach the latest draft of the proposed statement. The 2 square-bracketed figures in the penultimate paragraph relate to matters still under discussion with the Treasury.

I am copying this to John Halliday (Home Office), Nick Huxtable (Lord President's Office), Muir Russell (Scottish Office), John Craig (Welsh Office) and Terry Mathews (Chief Secretary's Office).

*Yours sincerely*  
*J. Jacobs*

J JACOBS  
Private Secretary



The Government recognises that no single announcement can be the measure of the inner city and urban problem but it is important to take those decisions we can as soon as practical.

Next week my Rt Hon Friend the Minister for Local Government and Environmental Services will chair a major conference for the European Campaign for Urban Renaissance which will seek further ways of encouraging the voluntary sector in the inner cities.

I have now to take important decisions about the allocation of my Departmental resources to the urban areas and inner cities next year. Public expenditure is in many cases essential.

But it is not, and of itself cannot be, the whole answer.

As important is the need to open a range of opportunities for private involvement and investment.

This will add significantly to the public resources in urban areas and will widen the choice in many fields for those living and investing there.

The urban areas and particularly the inner city have a concentration of unemployment and a deterioration of environment that argues for a particular stimulus for the construction industry and capital programmes.

It is against this background that I have reached certain conclusions about the allocation of my Departmental programmes for next year.

First the Government believes that the derelict land programme should play a bigger role in urban policy.



Derelict land reclaimed at public expense can lead to development by the private sector that adds very substantial private expenditure to the urgent public expenditure.

At the moment very little reclaimed land is developed.

Next year I intend to increase the derelict land programme from £40 to £45m.

In allocating the uncommitted part of the programme I shall have particular regard to bids from local authorities in conjunction with the construction industry indicating the use to which the reclaimed land is to be put.

I shall look especially favourably on those joint public/private sector schemes drawn from the land registers that offer the greatest private sector enhancement for every pound of public expenditure.

I shall particularly look to schemes that lead to housing, industrial, commercial, sporting and recreational opportunities.

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The House will realise that this, too, will attract much greater sums of private investment to enhance the effort that the public sector is making.

Finally, Mr Speaker, we have taken an important decision about resources for the urban programme in 1982/3.



The local authorities in partnership and programme areas were asked to assume for planning purposes that they would receive roughly the same in real terms as in 1981/82.

This would have implied a total of £215m for the Urban Programme as a whole.

I am glad to say that we have been able to improve substantially on this figure and will increase the total available by <sup>up to</sup> [£55m] to some [£270m] including a special provision of £5m additional stimulus to low cost home ownership.

Mr Speaker, my announcement today must be seen in the context of an urban problem that will demand our continuing attention.

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- 9 DEC 1991



cc Pres Mr



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP  
Secretary of State  
Department of the Environment  
2 Marsham Street  
London SW1P 3EB

8 December 1981

*Dear Secretary of State,*  
INNER CITIES STATEMENT

Our officials have been discussing your two letters of 4 December on derelict land grants and the management of the inner cities programmes, and the draft statement on these which your Private Secretary circulated with his letter to Mr Pattison dated 7 December.

*will respond if replied*

While I have some sympathy with the general intention behind your proposals on derelict land grants, I do see some problems. The local authorities may well object to your proposal to take closer control over the allocations; indeed, it may be an inopportune time to announce a further erosion in the freedom we had originally intended local authorities to have to set their own priorities within an aggregate cash limit. However, I leave that to your judgement, and will not object to your announcing that aspect of your proposals.

I am afraid I cannot agree at such short notice to your proposals to extend coverage of the derelict land grants or to alter the basis on which we reclaim grant paid on profitable developments. I am quite prepared to let our officials discuss these proposals further, and can agree to a limited announcement that the Government is considering the scope for adjusting the rules to give greater incentive to projects for housing factories and commercial use. But until I am certain of the full implications of your proposals I am afraid I cannot agree to an announcement which goes beyond that.

On the question of managing the inner cities programmes, I cannot agree to your proposal to have a single cash limit covering local authority expenditure on derelict land and the urban programme, and the external finance of the UDCs. This would run directly contrary to the decision, implemented only this year, to control local government capital expenditure as a single entity. Other colleagues would, I am sure, wish to have the same freedom to switch during the year between local authority and central government expenditure, and once we start down this road we shall very



soon be left without a coherent local authority capital programme at all. I would also point out that I have already agreed to a relaxation in the local authority capital control scheme to help to avoid the sort of problem that arose with the Docklands Partnership and the LDDC.

If you see some merit in a separate cash limit for local authority expenditure on derelict land and the urban programme then I would be prepared to consider that. But there are a number of practical questions which would need to be discussed by officials before any announcement could be made.

Turning to the draft statement, I must therefore ask you to delete the whole of the last paragraph and the second sentence of the penultimate one. My detailed comments are as follows:

Third paragraph last sentence: should be "I will" not "I well".

Fourth paragraph: I understand that the figure of £215 million is not the survey baseline, but is your estimate of what the authorities might have been expecting from your instructions to them to prepare their programmes on the basis of the same funds in real terms as in 1981-82. I can see the presentational advantages of using this lower figure in comparisons with the proposed total of £256 million; but to avoid the implied reference to volume plans I would prefer you to say "to draw up their programmes on a basis which would have implied a total of about £215 million ...." I suggest you look again at the last sentence of that paragraph to bring out the fact that the difference between the £15 million quoted for 1981-82 and the £82.2 million cash limit is largely accounted for by acquisitions of land.

Sixth paragraph: Can I suggest that the last sentence might be better as: "In order to obtain the maximum value for money and the active participation of the private sector, the Government propose, in inviting bids from local authorities to give priority to these schemes offering an early prospect of generating investment by the private sector, whether for housing factories or commercial use".

Seventh paragraph: I must ask you to delete the last sentence, but you might like to strengthen the first sentence to read: "The Government also intends to consider the scope for adjusting the rules so as to give greater incentive to local authorities to make full use of grants for this purpose."

Eighth paragraph: I must ask you to delete this completely.

Finally, I understand that the total of £256 million which you propose for the urban programme, the £50 million you propose for UDC projects and the £5 million extra provision for derelict land grants rely on savings which you proposed to make elsewhere in your programmes, including £17 million from new towns commercial and industrial investment. This will reduce the provision for new towns to a level where if receipts failed to materialise, existing contractual commitments could be endangered. The new towns disposal programme has proved disappointing in the past and has twice failed to come up to expectations. Before I agree to the announcement of the inner cities programme totals, therefore, I would welcome your personal assurance that the £17 million transfer does not put the 1982-83 new towns cash limit in jeopardy.



Maxton

Equivalent statement on Scottish measures?

P. Bewan

Say more next week abt how will involve private sector.

S.C. Davis

Latham

Welcome new work + hope for stimulus construction industry  
Some steer on quick schemes

H Must stay open-minded for while

McNamara

Regional spread of funds?

Don Dover

Private sector welcome. Pump money for public spending

A Roberts

Everybody on merry side except Steyn will find this inadequate for problems

Sever

Birmingham will welcome allocation  
More gov't att'n for inner cities needed.

Straw

Revelit land money for all designated inner-city areas?

Public housing needs cannot be met in private sector.

'It took a riot' - unpalatable fact

H Problem did not grow up under this gov't.

Bottomley

Welcome extra cap gov't.

Find a way of letting LAs who have gov't guidelines know sooner than cap prog's some way ahead

G Barnett

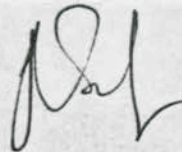
All seems to be on construction. Where is investment in people - education + training -

H. Not what I meant. urban prog has powers to support current spending



I am sending copies of this letter to the Prime Minister, the Home Secretary, the Leader of the House, the Secretaries of State for Scotland and Wales, the Paymaster General and the Chief Press Secretary at No. 10.

yours sincerely



LEON BRITTAN

FR

(Approved by the Chief Secretary  
& signed in his absence)



Kaufman Debate tomorrow

price basis?

£270 incl Dockland corps?

Details of urban prog projects  
mentioned at last Wed?

Reimbursement to 6 local authorities

successful against him in courts last Oct

" to Hackney, Lambeth <sup>etc</sup> from Sept 80

Abandon withholding in 17 partnership  
schemes

Nov 79 prices - £179

82/83 190 on same basis

H. Current overspending a major factor in capital  
squeeze. Will not hold back on any action

Steyn Welcome.

No loss of LA autonomy?

Revaluation not limited to inner city - most developed  
land in outer

Cunningham Partnership

H Await RSG settlement

Alton Liverpool had £26½ m cap resources reduction  
over last 10 yrs, etc. "Crippling us a number while  
taking away meat"

Stokes Assure us money not daregeld to appease voters

Penny No public housing in progress in my const.

H Much to restore + rehabilitate

Cartwright

Sylvester Does 'Jan' mean time limit on bids?

H A balance of factors: at present going for spd, cd  
modify

C Morris Youth unemployment: LA's shd give priority in  
using funds

H Agree. Eg perhaps higher ratio of apprentices to  
craftsmen in some areas

T B-D Is 35m to L + Merseyside sum total, v extra  
55 for others. Birmingham needs, but no votes





JS  
Key Rd

10 DOWNING STREET

*From the Private Secretary*

8 December 1981

INNER CITIES STATEMENT

Thank you for your letter of 7 December, which the Prime Minister has seen.

As I have told you on the telephone, the Prime Minister has agreed that there should be a statement tomorrow. I understand that you are still in discussion with the Treasury about certain policy aspects, and you will be letting us have a redraft in the course of tomorrow morning.

I am sending copies of this letter to John Halliday (Home Office), Nick Huxtable (Lord President's Office), Muir Russell (Scottish Office), John Craig (Welsh Office) and Terry Mathews (Chief Secretary's Office).

M. A. PATTISON

Jeff Jacobs, Esq.,  
Department of the Environment.

JS



cid

Prime Minister

ms

1.



Here is the first draft of Mr Heseltine's statement and an explanation of the reasoning behind it. It is now scheduled for Wednesday. But the

2 MARSHAM STREET  
LONDON SW1P 3EB

My ref:

Your ref:

7 December 1981

Dear Mike

drafting needs much improvement with a clearer structure, and clearer statement of

INNER CITIES STATEMENT

new money in relation to old. Agree that there should be a statement, suitably re-drafted.

I mentioned to you last week that my Secretary of State had it in mind to make a statement in the House on Wednesday this week about inner cities. This followed an informal discussion which Mr Heseltine had last week with the Home Secretary who agreed that a statement in advance of Thursday's debate on the Scarmen Report would be helpful.

I now attach the latest draft of my Secretary of State's proposed statement. The proposals in it flow directly from decisions taken by my Secretary of State about the distribution of funds from public expenditure programmes within his specific Departmental responsibilities. Square-bracketed sentences refer to policy changes currently under urgent discussion with the Treasury.

It has been suggested to my Secretary of State that, given the helpful nature of the statement, it might be sensible to make it before tomorrow's debate on the Government's public expenditure proposals for 1982/83. The Secretary of State would be happy to proceed on this basis, if that were the wish of his colleagues. I am aware, however, that the Leader of the House may have reservations about making the statement tomorrow - in which case the Secretary of State would be perfectly content to make it on Wednesday.

I would be grateful for any comments as soon as possible.

I am copying this to the Private Secretaries to the Home Secretary, the Leader of the House, the Secretaries of State for Scotland and Wales, the Chief Secretary, the Paymaster General and to the Chief Press Secretary at No 10.

The Heseltine will  
I am sure sharpen up  
the drafting to improve  
the presentation. The last  
para seems very technical  
to end on. I think the  
statement will have to  
come tomorrow - it  
would look too  
continued to day.

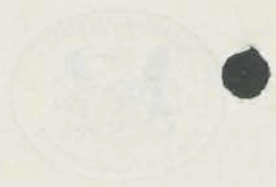
Yours sincerely  
J JACOBS

J JACOBS  
Private Secretary

Mike Pattison Esq - No 10

and wouldn't get enough news.





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1-7 DEC 1991



DRAFT INNER CITY STATEMENT FOR THE SECRETARY OF STATE FOR THE ENVIRONMENT

With permission, Mr Speaker, I would like to make a statement about urban policies and resources for next year.

The Government's further proposals to improve conditions in the inner cities will involve a series of decisions over a broad range of policies, such as those raised in Lord Scarman's Report, which we are shortly to debate, and those emerging from my own work on Merseyside. But it is important to begin the process of concentrating resources as quickly as possible.

I can report to the House a number of decisions of this kind. In determining priorities I have sought to concentrate on stimulating capital investment, both on ~~the~~ employment and on improving the physical environment and of its effect in stimulating investment by the private sector. At the same time I will recognise the importance of revenue support for certain types of voluntary effort.

2<sup>nd</sup> ?  
The first decision concerns resources for the urban programme in 1982/83. The local authorities in partnership and programme arrangements have been asked to draw up their programmes on the basis that they would receive roughly the same funds in real terms as in 1981/82. This would have implied a total of £215M for the Urban Programme as a whole. I am glad to say that we have been able to improve substantially on this figure and will increase the total available by 20% to some £256M. In addition we will enable the two urban development corporations to undertake substantially more projects than in 1981/82: some £50M worth in 1982/83, compared with less than £15M this year.



We shall be setting aside £5M within the Urban Programme to stimulate a range of low cost home ownership ventures in inner cities. I shall be in touch with a number of local authorities very shortly inviting them to bid for a share. These schemes, too, will produce valuable private sector investment.

3-247  
The Government believes that the resources available for the derelict land programme can also play a significant role in achieving the aims of urban policy. For the next two years my Department will itself allocate funds to derelict land schemes to bring about a major shift of resources to reclamation in the inner cities. We intend to make a 10% increase in the funds available for derelict land schemes. In order to obtain the maximum value for money and its active participation of the private sector the Government propose inviting bids from local authorities to give priority to those schemes offering an early prospect<sup>of</sup>/matching investment by the private sector, whether for housing, factories or commercial use.

[The Government also wishes to give every incentive to local authorities to make full use of grants for this purpose. We accordingly intend to relax the previous rules so that over the next two years authorities will no longer have to repay all profits on these schemes to the Exchequer but will instead be able to use some of them to finance further investment.]

[The House will realise that the various programmes to which I have referred have been dealt with up to now in individual cash blocks. From now on, in order to ensure the most relevant and effective use of the available funds we now propose to include the Urban Programme, Derelict Land Grants and Urban Development Corporation funds in the same cash block.]