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cc JV
Regional Policy

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

26 May 1982

The Rt. Hon. Michael Heseltine MP
Secretary of State for the Environment

Dr. [unclear]

PRESENTATION TO NEDC ON INNER CITY INITIATIVES

Thank you for your letter of 21 May covering the draft of the presentation you will be making to NEDC on 7 June. It strikes me as admirable; but can I suggest that you add some reference to the Enterprise Zones, the Urban Development Corporations, and the tax concessions for Enterprise Agencies which were announced in the Budget? My officials are already in touch with yours about this.

I am copying this to the other recipients of your letter.

*This confirms the call we had before
Cabinet, when you agreed to take the points on board*

GEOFFREY HOWE

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[Signature]

26 MAY 1962

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Prime Minister (2)

Regional Policy

2 MARSHAM STREET
LONDON SW1P 3EB

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My ref:

Your ref:

21 May 1982

De Geoffroy

We agreed in March that I would give a presentation to NEDC on inner city initiatives on 7 June. I now enclose a draft of the presentation that I propose to make. Subject to your views I propose to circulate a 3 page summary in advance.

I intend using as much illustrative material as possible in the presentation, which I hope will at least provide an alternative approach to meetings that we sit through, as well as giving extra emphasis to the wide range of initiatives that we have taken.

Following the NEDC presentation I propose to mount a series of full day presentations in the worst English inner city areas - Birmingham, Manchester, Newcastle, Liverpool and possibly London. These will essentially be an expanded version of the NEDC presentation. The audience for these local presentations will be local authority leaders, local business leaders and representatives of a wide range of the other groups active in those areas. Ministers who are involved in the partnerships would be welcome to attend the local presentations if they so wished - perhaps they could let my Private Office know if they do, so that they can tell them of dates and other arrangements.

I am sending copies of this letter to Willie Whitelaw, Keith Joseph, George Younger, Nicholas Edwards, Patrick Jenkin, Arthur Cockfield, David Howell, Norman Fowler, Nigel Lawson, Norman Tebbit and to No 10.

Go on

MICHAEL HESELTINE

URBAN INITIATIVES: NEDC PRESENTATION

HISTORICAL DEVELOPMENT OF THE MAJOR CITIES

1. Reasons for their growth - river, port, canal.
2. Growth constrained and sustained by the rigid transport pattern this imposed. Railways reinforced this pattern. This rigidity provided a guarantee of growth. Work, investment and housing had to be located within easy reach of transport facilities and hence close together. The whole social range lived in the cities, not just the working people.
3. Still face the legacy of that massive urban development today. Social problems that it brought in its wake were as intense as those we face in the inner cities in the 1980s. But the great strength of the cities at that time was the commitment of the great industrial and commercial families to them. Room for debate about their motives, and the balance between public benefaction and retention of private wealth. But no question that the prosperity of the areas had its mainspring in men who owned and controlled their companies, and the people who worked for them.
4. Today the entrepreneurial commitment of these people has been replaced by institutional wealth. Locally based companies have been taken over by national or international conglomerates. Dramatic change has taken place over the last 80 years. At the turn of the century inner city congestion was dreadful and the environment and social conditions appalling. But the communities in the inner cities were tightly knit and balanced. One could genuinely call them communities. Today, we have huge metropolises, from the centre of which all those who could escape have escaped.
5. This change started with the growth of road transport - car, lorry, bus. Industrial location was power. Prosperity and easy transport connections brought property ownership. Modern communications extended the opportunity. Gradually

all those who could leave the inner cities did so. Owners first, then managers, then the middle and skilled working classes. They chose modern housing, on green field sites, with gardens, to the congestion of the inner cities.

6. Most of this movement was voluntary, but successive Governments encouraged it, because of the appalling conditions in the cities. Much of what happened, had to happen. The slums had to be cleared. Many of the new services were vital. But the missing factor was social balance. The communities left behind in the inner cities contain disproportionate numbers of the disadvantaged.

7. Accompanying this process of outward migration has been an increase in centralised control, and an increase in the size of organisations. Increasingly public sector institutions have become remote from the people they serve. Where the public sector has taken over it has seen its purpose exclusively as caring for those in need. With the benefit of hindsight much of what the public sector has done has been done badly.

8. Massive housing developments, controlled from the centre. Slum clearance programmes and over-rigid planning policies that have destroyed small businesses.

9. Scale of effort and cash expenditure already spent has been vast. Continued existence of inner city problems cannot be ascribed simply to lack of public investment or public commitment. Increasing amounts have been spent, increasing numbers employed. But because of the way the money has been spent and the people used, problems are almost as great today as they were 10 years ago, when Peter Walker commissioned the Inner Area studies.

WHERE DO WE GO FROM HERE?

11. The processes described add up to a loss of community life in our old cities. The ultimate failure is the breakdown of public order. Picture painted so far is a gloomy one. Vital that we all recognise that problems have developed over decades, and cannot be solved overnight. If we don't recognise this, then things

like the Merseyside initiative will raise impossible expectations, and people will be so disappointed that they will abandon the long journey towards inner city regeneration when it's only just begun.

12. Is there any solution? Should we simply abandon that journey, and listen instead to those who say the inner cities should be grassed over? On the contrary, plenty of evidence that inner city regeneration is possible. In the limited time available I want to show you some of that evidence. To persuade you that the opportunities exist, but will come to nothing if we do not, all of us, go out and sell them.

13. The challenges that we face are to recreate a sense of community, to make sure that we make the best possible use of every asset, and to make the inner city a place people want to live in, work in, invest in.

RECREATING A SENSE OF COMMUNITY

14. Last Government set up Partnerships in the inner city. Underlying ideas were right - co-ordination, joint working between central and local government. But what happened was too narrow and over-bureaucratic. Despite what their White Paper said, didn't manage to involve the private sector and the community. We have continued partnerships, streamlined their operations, given priority to economic regeneration, insisted on involvement of the private sector and local communities. This year, highest level ever of UP resources.

15. This demonstrates Government's commitment. A long way to go, but some moves in the right direction. Theme throughout is joint working - central and local government, public and private sector, government and community.

INITIATIVES TO BRING PUBLIC AND PRIVATE TOGETHER

16. This year a group of leading businessmen led by Sir Alastair set up Business in the community, to encourage the involvement of leading industrial and commercial concerns in the economic and social development of the communities in

which they are based. Already achieving much - encouraging the establishment of local enterprise agencies; arranging secondments to help small firms get off the ground; providing advice to local authorities and firms who want to work more closely together.

17. Still at the national level, 26 of the major financial institutions have seconded managers to my Department, to examine existing programmes for the inner cities, devise new ideas and through that help bridge the gulf that exists between public and private sectors. These managers - jointly known as FIG - will go back to their institution with a new perspective on the role they have to play, and I hope will infect their institutions with the germ they have caught. As well as that longer term benefit, they have already launched a number of ideas.

18. One is the Urban Development Grant that Geoffrey Howe announced in the budget. We carried out a limited experiment with the derelict land programme this year, under which local authorities and the private sector acting together bid for resources where the public investment would attract matching private investment. Real success - £10m of public investment will bring £70-100m of private. Building on this experience, and the American model that the managers studied during their visit there, up to £70m will be available for joint schemes within the derelict land and urban programme, where the public and private sector together will lead to levels of expenditure far in excess of what the public sector alone can afford.

19. Another FIG proposal is for establishing a service company, backed by a number of institutions, designed to find and promote inner city projects. A third, again based on United States experience, is to persuade the major clearing banks to appoint people whose special role is to identify obstacles where they occur in developing business in inner city areas.

20. At the local level, private firms have provided ~~one~~^{me} with 15 managers on Merseyside to promote the experiments we are carrying out. They are setting up

specialist training centres, helping with the facelift of industrial estates, helping small businesses in inner city areas, helping to promote tourist facilities and the Speke Enterprise Zone.

21. Outside Merseyside, the Urban Programme as a whole has had the benefit of advice from the private sector. I have insisted that Partnership's inner area programmes should not be approved without that advice, often the Chamber of Commerce has been the channel for that advice. Many valuable economic projects have been carried out under the Urban Programme. Here are a few examples.....

22. In many places Chamber of Commerce have been the prime agents in setting up local enterprise agencies. Some 60 of these are already in being, and 50 more under active discussion. Activities vary to suit local needs - advice and help to small firms, environmental improvement. All share a philosophy that business has a part to play in the local community.

23. Talked so far of bringing together the public and private sector mainly in terms of private companies. Obviously equally important part of private sector is the people who work for those companies. Less successful up to now in involving local trade unionists is the task of inner city regeneration. Some discussions nationally with TUC on inner city proposals. Had to differ on level of extra resources than can be made available, but useful exchange of views which I hope will continue. Perhaps we could discuss later how local trade councils or Regional TUC could make an input.

ENCOURAGING VOLUNTEERS

24. Another source of energy for the recreation of community spirit is that of individual volunteers. Not easy to tap that energy effectively - its value is its variety, and the fact that it cannot be controlled. Essential to provide it

with channels - local and national voluntary organisations, often themselves professionalised, can provide those channels. Need to be careful not simply substitutes for public service provision.

USING EVERY ASSET

25. Second theme referred to is the need to make the best possible use of every asset. Already referred to the vast public resources being spent - over £2 billion goes to Merseyside each year. Simply pouring more in is not the answer - higher rates and taxes will hardly encourage business to generate the new wealth that is needed. Must make sure that current expenditure is used in the way best designed to provide good service, and at same time must control current expenditure so as to leave room for capital expenditure - matched by private investment wherever possible - which will provide lasting benefits for the community.

HOUSING

26. As well as money, need to make sure we are making the best possible use of physical resources - housing, land, other buildings. Vast range of initiatives in the housing field, aimed at improving the existing stock and improving housing management. Many of these particularly relevant to inner cities - much old housing in need of improvement, new housing developments that require careful and sensitive management, need to create more balanced communities there, though provide more opportunities for owner occupation. Just mention three initiatives - community refurbishment in Merseyside; Priority Estates Project in Lambeth, Hackney and Bolton; improvement initiative.

LAND

27. Vast tracts of vacant and under-used land in our cities. Land registers initiative identified 21,000 acres on the first 35 registers, mainly in inner cities. 4,000 acres already on the market, 1,000 in preparation. 1,000 acres already sold. Leading to much more realistic land management policies in public sector, and providing real opportunities for private sector, either on its own or working jointly with local authorities.

BUILDINGS

28. Many redundant factories, vacant buildings in the inner city. Some of them important features of our material heritage - further facet of the community. Important that possibilities of re-use are fully considered before they are demolished, or simply allowed to rot. Department provides much support for this, through Historic Buildings Council and Urban Programme. A few examples..... 103 industrial improvement areas have been declared by inner city authorities in England, within which special help is available for the improvement of existing premises.

MAKING THE CITY A GOOD PLACE TO LIVE AND WORK IN

29. My third theme is the need to make the city a place where people want to live, work and invest. Many of the initiatives I have described already are obviously relevant. By recreating a sense of community, by making the best use of resources available, by building up real partnerships between all the people and organisations involved, we can and we must inject new life into our cities, so that we halt and then reverse the process of decay.

ENVIRONMENT

30. The appearance of many of our inner city areas is itself a major deterrent to their regeneration. So substantial Urban Programme resources are being used for environmental improvement. A few examples.... Liverpool in particular has achieved substantial environmental improvements using Urban Programme funds. We have built on this during my time on Merseyside - Urban Fringe Experiment, Anglican Cathedral site.

RACE

31. Race is an important factor in the inner cities. It is over two decades since the first significant numbers of immigrants began to add yet one more pressure to urban areas. We have to face the problems of racism and racial disadvantage.

Within Government lead rests with Home Secretary. In my own Department I have given Sir George Young special responsibility for racial aspects of our work. We have established a working party with the local authorities to compare best practice. I hope that the FIG initiative I mentioned earlier will help overcome the problems that many black business men seem to experience in securing financial support.

32. Many Urban Programme projects are aimed directly at the problems of ethnic minorities, or based in areas where significant numbers of ethnic minorities will benefit. A few examples, including information technology and Merseyside.---

HOUSING

33. Already mentioned housing improvement and better housing management. Basic need is to create more balanced communities by providing more opportunities for owner occupation in the inner cities. Sale of council houses will achieve this, as will various low cost home ownership initiatives. Just describe two of these - building under licence in Liverpool and construction of low cost homes in Beckton.

SPORT AND RECREATION

34. Creation of adequate leisure opportunities in the inner city also important contribution to making them more attractive. Public/private sector can co-operate in this as well - for example the Merseyside £1m initiative, and some Urban Programme projects.... The latest Sports Council initiative to provide community sports leaders who will encourage deprived groups in inner city areas to participate in sports.

CONCLUSION

35. I hope I have managed in the short time available to demonstrate the wide range of initiatives under way. As I said at the beginning, we cannot expect to reverse decades of decline overnight. My theme throughout has been the importance of joint working, of co-operation, of genuine partnership. Inner city regeneration

will only happen if the whole of society commits itself to that goal, and if all of us do all we can to exploit the opportunities that exist. People will not move back into the inner cities, jobs will not be created there, if we meekly sit back and wait for our initiatives to work. What we have to do is go out and ask busy and committed people to look afresh at their attitudes and practices, and consider what they can do to help. The members of NEDC are some of those people. I would welcome a discussion of the initiatives and opportunities that exist, and how we might develop them, jointly and severally.



20 MAY 1982