



PRIME MINISTER

1. I have seen the Home Secretary's minute to you about the meeting he, I, the Paymaster General and the Secretary of State for the Environment had on inner city and ethnic minority issues. The minute well summarises our discussion and the points to which we all thought we would need to give attention.

2. It is of course only a year since many of these issues were thoroughly considered under your chairmanship in MISC 104. The conclusion we reached was that spending by Government Departments in inner city areas needed to be better co-ordinated and targeted and also that we should be ready to take more credit for the substantial spending that was being carried out. The means we chose for securing these objectives were the City Action Teams. These were brought into operation earlier this year in the partnership areas; London, Liverpool, Birmingham, Manchester and Newcastle.

3. It is still too early to pass judgement on the initiative. In some areas progress is being hampered by recalcitrant local authorities who under current rules have an effective veto on certain types of expenditure notably under the Urban Programme. Nevertheless I have recently completed a round of bilateral discussions with the Teams which have confirmed that they have launched a number of useful initiatives linking different Departments' programmes in ways designed to stimulate employment and enterprise. I will be discussing with colleagues from other Departments how we can



develop the work of the Teams further in MISC 116 next week. In particular, we will be looking at the scope for associating the 'social' Departments DES, Home Office and DHSS, which do not have established regional structures, more closely with the work of the Teams (which consist at present of a core of regional representatives of DoE, DTI and my Department). We must then take steps to target total Government expenditure better on the problems which recent events have highlighted. That could mean, for example, further action to ensure that all programmes are effectively reaching particular ethnic groups.

4. In order to generate growth and employment we need to concentrate our efforts more than we do at present on the existing businesses to be found in inner city areas, and on the development of new business by local inhabitants. In many areas we cannot realistically hope to attract major new investment from outside; the countervailing pull of other areas is too great. We have therefore to encourage enterprise from within. This may involve not only the knitting together of Government schemes of loans, grants, training, workshop provision and advice, as some of the CATs are now attempting, but also redoubled attempts to get others, such as the banks to help, or at the very least not to discriminate against, people and areas such as these.

5. We also need to concentrate our efforts more on the



people living in these areas and less on their fabric. The experience of Handsworth suggests that expensive programmes of "enveloping" and other environmental improvement managed from outside is not enough. We need to give local inhabitants more of a stake in what is being done, so that there is a sense of "ownership" of projects designed to improve and develop their areas. This could mean a sustained effort to involve the communities and their leaders in the running of projects as well as further targeting of schemes on the population of particular problem areas.

6. In the shorter term I think these and other changes of approach to inner city problems could be steered through the machinery of City Action Teams. Whilst it is early days to be judging the Teams' effectiveness, it is not too early to be considering ways in which their role could be developed in response to recent events.

7. Beyond this I join with colleagues in seeing attractions in urban development agencies or corporations such as that in Docklands. Although more radical approaches of this kind would take time to establish I do not think we should close our minds to them given recent events and in particular the potential of local authorities to act as stumbling blocks to progress. However, in the light of the sort of areas we have in our sights it would be important that any such agencies concentrated on "people" issues as well as matters of land use and physical improvement.

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8. I also think we would do well to take a fresh look at American experience of tackling problems of this sort. American cities have faced similar difficulties and for the most part have successfully come through them, essentially by making the deprived sections of the community feel more a part of it, particularly in an economic sense. I think we have useful lessons to learn from them. In particular we need to explore further ways of removing barriers which stand in the way of blacks obtaining both public and private sector jobs and setting up their own business. In my own Department's field I think we could do more to ensure that full advantage is taken of the positive action provisions in the Race Relations Act to provide training for blacks in higher level occupations. We may also wish to consider a wider campaign of education and persuasion aimed at employers and others.

I am copying this minute to other members of the Cabinet, the Chief Whip and Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to be 'D Y'.

25 D Y
October 1985

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01 211 6402

NBM.

The Rt Hon The Lord Young of Graffham
Secretary of State for Employment
Caxton House
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SW1H 9NF

14 November 1985

INNER CITY YOUTH

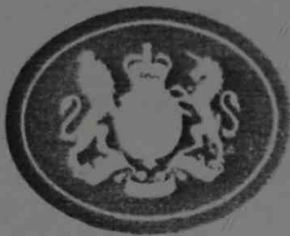
I have seen your minute of 25 October to the Prime Minister and have been considering the contribution the British Gas Corporation and the Electricity Supply Industry might make towards easing the problems of the inner cities.

I have not, of course, consulted the industries at this stage and therefore I have not been able to establish what steps they may already be taking in the areas under discussion. I believe that there are examples of positive efforts having been made. Both industries participate fully in the Youth Training Scheme and there is, for example, at least one Area Electricity Board which has made considerable efforts to encourage members of ethnic minorities to apply for jobs and training schemes.

The industries have, of course, statutory duties to fulfil and operate under tight financial controls. We cannot expect them therefore to spend significant amounts of money on something which is not within those duties. Nevertheless, I think it would be well worth my approaching BGC and the Electricity Supply Industry to see whether there is anything further they could do to help with the inner cities. The possibilities that could be explored include:

- a. more Boards making a special effort to publicise the employment, apprentice training and Youth Training Scheme opportunities which they offer to those living in inner city areas and to ethnic minorities - this would aim to make such groups fully aware of what is available but could not, of course, involve the industries taking on more recruits than they would otherwise have done, or preferring "disadvantaged" applicants to better qualified applicants from other areas;

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- b. the industries palying a full part along with the private sector in local initiatives such as Local Enterprise Agencies.

If you and colleagues agree, I think it would be most appropriate to approach the industries' Chairmen as part of the wider campaign of education and persuasion of employers and others you are considering. The Chairmen may be more ready to respond if they feel the private sector is also being asked to help. But I am ready to approach them whether or not that campaign goes ahead.

Another sector that has something to contribute to your plans is the Voluntary Insulation Groups, which are part of your MSC programme for voluntary projects. These groups perform two useful functions. First, they employ young people on jobs which both train and motivate them. Secondly, they help to improve living conditions in low income households. The voluntary groups are expanding rapidly, but as you know we need to ensure that their future is secure. I mention this because until the uncertainty is removed it provides a focus for criticism of our policies.

I am copying this letter to the Prime Minister, other Cabinet colleagues, the Chief Whip and Sir Robert Armstrong.

PETER WALKER

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REGIONAL POLICY

INNER CITIES

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