

Ref. A085/3267

PRIME MINISTER

Inner Cities

The meeting of MISC 104 on 19 December should have before it a substantial amount of information about the 10 selected areas. This will be a valuable synopsis of inner city problems and what is currently being done about them, and the range and limitations of available powers. It provides a good factual basis from which to move ahead.

2. I doubt, however, whether analysis of this data can of itself take us very far in deciding the direction in which to proceed. What is needed for that is much more a political judgment on the way in which urban policy needs to be developed and presented in the light of the recent riots and of continuing Parliamentary and more general concern. At your meeting on 14 November there was a wide measure of agreement with the Home Secretary's suggestion that any new initiative should focus in particular on inner city youth.

3. It seems to me that there are two fundamental points that we need to recognise right from the start:

i. No one Minister has responsibility for the whole field and no Minister or group of Ministers is currently charged with working up proposals for consideration at the kind of meeting you are now convening.

ii. Whatever the importance of major national policy programmes in the background, there is not going to be a universal prescription for strengthening the social fabric in demoralised local communities or for getting through to



groups of young people that previous endeavours have failed to reach. We do not need to confine ourselves to a single approach. Indeed, there is much to be said for diversity and imaginative experimentation. Rather than try to think up centrally things to do, schemes to try, projects to mount in each area, we should find a way of enabling ideas and proposals to come out of each of the areas themselves in response to the needs and circumstances as they are seen in the areas.

4. These points tend to pull in opposite directions. But, taken together, they lead me to think that, in organisational outline, a new initiative should give a Minister responsibility for the specific job of developing relationships and arrangements in each of the various areas which enable local schemes to come forward and responsibility for overseeing them and encouraging them when they do come forward.

5. There is also the question of money. The Government has been successful in driving home the message that the problems of the inner cities are not simply about money, and are certainly not going to be solved by having new money thrown indiscriminately at them. Something can no doubt be achieved by switching resources between existing programmes and any Minister charged with responsibility for an initiative would need to be given the ability and to have the clout to bring that about. But he would be more effective if he had even only a little new money in his purse: it must be doubtful whether a new move can be made into this area without contemplating any new expenditure whatsoever. I do not think that the sums at issue would be at all large - the £15 million drop in provision for the urban programme between the present and next financial year may give an indication of what could be necessary.



6. I believe that the Minister in charge of the operation would need himself to take on a substantial amount of visiting the areas where these projects were mounted - and perhaps that indicates a number even smaller than 10 to start with. He will need to form his own view of the areas, and particularly of the people there who are an influence for good and whom the Government should support. Out of this might in due course emerge in each area a set of projects that would make a virtue of proceeding in different ways but which would all be characterised by a strong orientation towards people rather than bricks and mortar and a heavy emphasis on involving young people themselves in the decision-making about their own futures. The people whom such projects would be trying to reach are about as far from Government as any group in the population can be. Ministers and officials are not going to be able to cross the barriers on their own. There would need to be a place for people outside Government - and not necessarily very close to Government - both at the local level and, I think, near the central organisation too. We should need to look to involve people who have the gift of communicating and inspiring trust in the most difficult circumstances. You spoke at an earlier meeting of what might be achieved by some remarkable monks and churchmen in this sort of field.

7. Clearly a great deal needs to be done to work these notions up into a proper set of proposals. But I have a strong sense that if we are to make a new move into this field, on the lines envisaged by the Home Secretary, it has to be on the basis of something quite different from what we have been doing hitherto. I believe that an initiative of the kind I am trying to describe could be a very effective political move, and that it could be mounted fairly quickly, and certainly by the end of February, which was the general time-scale you had in mind at the last meeting.

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8. I am addressing this minute to you alone but if you think it would be useful to have it on the table at the MISC 104 meeting I would be very content to circulate it.

MS

for

ROBERT ARMSTRONG

13 December 1985

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RTAAAS



Inner Cities: Background and History to Date

Urban policy was reviewed in 1984 by MISC 104 under your chairmanship in the light of the Urban Policy and Programme Review (UPPR) which had been carried out as a very conscious FMI operation with involvement by the Efficiency Unit.

2. The UPPR stressed that the urban programme was not a total policy implement, but one that enabled Ministers to exercise marginal control over relevant local authority spending, and to demonstrate concern for urban problems. The UPPR found that the urban programme showed no evidence of significant waste, and that the best value for money in it was offered by social projects, especially voluntary sector ones. On the other hand, the programme's objectives were found to be confused, and co-ordination with other programmes inadequate.

3. Last year's MISC 104 discussions were largely directed to the two areas of, on the one hand, organisation and management responsibility and, on the other hand, the statement of objectives and performance measurement.

4. On organisation, the UPPR had put forward a range of possible options. The most radical of these was to establish a hived-off executive agency that would assume the funding and management responsibilities currently exercised by Government Departments, but carry them out in a unified way, through a specialist new organisation that would involve representatives of the private sector. It would not be the intention that such an agency would replace the local authority involvement: its aim would be to co-ordinate the central Government input and control. Nevertheless it was recognised that relations between the agency and local authorities could be strained. Other - perhaps stronger - arguments against such an agency were the



administrative upheaval it would involve, the long timescale for its establishment, the need for legislation and the likelihood that it would become a source of pressure for extra money.

5. In the event MISC 104 opted for a lower-profile approach to the organisational problems. Under the oversight of MISC 116, chaired by the present Secretary of State for Employment, City Action Teams were established in the already existing Partnership areas. This was matched by complementary action on the statement of objectives and performance measurement. Four basic objectives were enunciated for urban policy, and a vigorous régime of target-setting, output measurement and value for money evaluation was put in place. All that has been going ahead during the present year. At the most recent meeting of MISC 116 it was decided that the basic arrangements were now sufficiently robust to make it feasible to contemplate some expansion of CAT activity.

6. MISC 104 also took the decision in principle last year that urban programme expenditure was not exempt from exercises of public expenditure reduction. In last year's public expenditure round it was decided to hold the programme in 1985-86 at the same cash level as in 1984-85, and to reduce expenditure by £15 million in 1986-87. These decisions were restated in the recent Autumn Statement announcements, with the footnote that urban policy was again under Ministerial review.

7. Following the riots in September/October the Home Secretary minuted you, on 23 October, about "inner city youth". He believed that - on public order grounds alone - something had to be done about the growing pools of virtually unemployable, mostly black, young people with no stake in society. He was, however, none too specific about the remedy. The Secretary of State for the Environment ~~minuted to say~~ that he would like to experiment with a number of agencies that he would directly control, and would also like power to make grants to direct organisations



other than local authorities. The Secretary of State for  
Employment minuted that what was needed in the problem areas was  
the encouragement of enterprise from within and emphasis on  
people and that this could be taken forward through the CATS.

8. At your meeting on 14 November there was a general discussion of the underlying issues. In particular, there was unresolved argument about the scope for establishing agencies, not so much as a means of co-ordinating central Government involvement, but as a way to bypass local authorities. You did not attempt to resolve such questions at that meeting, but in order to establish the facts, you commissioned various information to be assembled about 10 selected areas.

9. At the beginning of the present month the report of the Archbishop of Canterbury's Commission sought to criticise the Government for allegedly running down assistance to urban areas through policies of local government expenditure control. The report certainly contained defective reasoning, and the debate about it seems to have run into the sands for the moment.

10. On the public order front, you made it clear at the Conservative Party Conference that the police would be assured of the men and equipment they needed. (An urgent study is being carried out by officials to consider the implications of a high priority for police spending at a time of general local government expenditure restraint and it might be that some adjustment to the financing machinery for the police will have to be contemplated.) The Public Order Bill was introduced in the House of Commons on 6 December.

11. It is apparent, then, that a number of different themes are now coming together, and different audiences and interests will need to be borne in mind. What began as a limited suggestion by the Home Secretary in the aftermath of civil disorder is broadening into a much wider review of social policy. This is

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— reflected in the papers before the meeting - the factual report from officials, a wide-ranging critique by the Policy Unit and a minute by Mr Baker.

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10 DOWNING STREET

*From the Private Secretary*

SIR ROBERT ARMSTRONG

**INNER CITIES**

The Prime Minister was grateful for your minute of 13 December, which she read with care. She will certainly wish to have this by her for the meeting on Thursday and no doubt you will wish to reflect its recommendations in the Cabinet Office brief for the meeting.

DAVID NORGROVE

16 December 1985

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MS.

10 DOWNING STREET

Prime Minister

This seems  
waggy to me. Agree to  
have with you rather than  
circulate to Disc 104?

DWS

13/12