

CONFIDENTIAL

Ref. A086/107

PRIME MINISTER

Inner Cities

MISC 104 is to meet on 30 January to consider a report from me on the machinery to implement the decisions on 19 December about an initiative in eight selected areas. I understand that you are coming to the view that the Secretary of State for Employment and the Paymaster General should be the senior Ministers in charge of this exercise, and I should like to talk to them before I finalise my recommendations to MISC 104. Before I go any further, however, I should be grateful to know that you are generally content with the approach set out in this minute.

2. First, I think we shall need to clear whether this is to be presented with the emphasis on general urban policy, or more specifically on youth unemployment. There are very good arguments for focusing on youth unemployment as the most specific point of concern, and they become especially compelling if the exercise is to be managed by the employment Ministers. Accordingly, I think that the initiative that is taking shape should be presented under some such name as "Inner City Youth Programme", and that its remit should be along the lines of "to explore ways in which Government programmes may be brought together on the ground to give higher priority to the special needs of areas with exceptionally high youth unemployment."

3. It will be important that the eight areas are seen as the ones where we are starting an experimental initiative, and not as out definitive list of places that need attention. In organisational terms, I think that the machinery can conveniently be considered under three headings.

CONFIDENTIAL

RTAAAW

a. Central machinery

MISC 104 will need to continue in overall command. The question is whether Lord Young and Mr Clarke will need extra support, and how their new role should fit in with existing machinery.

I envisage that Lord Young and Mr Clarke might be supported by two junior Ministers: I am thinking particularly of Mr John Patten and Sir George Young. This would have the incidental advantage of recognising the Department of Environment Urban policy concerns. Ministers would need to be supported by a small full-time group of officials, to be located, in the Department of Employment. I believe we can find the right people, and I have names in mind.

b. Links between the centre and the eight areas

Mr Clarke would need to meet frequently with the people in charge on the ground, but would not have time to be very visible in the eight areas himself. Mr Patten and Sir George Young could help with this, but I do not think we want to go too far down that road: you would not want to see particular Ministers identified with particular problem areas.

c. Who should be in charge in the field?

This is perhaps the most difficult problem. We need to enlist dynamic people with presentational skills, the ability to get through to very difficult clients and the knowledge of how to work the departmental machine both centrally and in the regions. I do not think that we are going to recruit such people easily, and certainly not within the few weeks before this initiative needs to be announced. My own belief is that we shall need to start with some carefully chosen officials, at about Principal level and that they should be given a six to twelve-month remit within which to work up arrangements for involving in

CONFIDENTIAL

each area the outside people whose strengths we all sense to be needed. Given the requirement of skill in operating the official machine, it may be that we shall need to keep officials identified in some way with each area in the longer term, possibly in tandem with more charismatic people drawn from outside; but that does not need to be settled now.

4. If you are generally content, I will discuss accordingly with Lord Young and Mr Clarke.

MS

for

ROBERT ARMSTRONG

10 January 1986

CONFIDENTIAL

RTAAAW

(1885)





Re

10 DOWNING STREET

*From the Private Secretary*SIR ROBERT ARMSTRONG

INNER CITIES

The Prime Minister was grateful for your minute of 10 January about the handling of the inner cities exercise.

The Prime Minister made no comment on the suggestion that the exercise should be presented as focusing specifically on youth employment. However she does agree that it should be managed by Employment Ministers.

Her comment on the machinery described in paragraph 3 of your minute was that she felt it might prove to be a little cumbersome. She has asked if you could consider this further.

One possibility which has been put to her is that junior Ministers from several Departments might be instructed to visit target areas, to report in writing on the position, and to promote what was being done through speeches and in other ways. It would be made clear that those Ministers would have no executive responsibility (that would be vested in Employment Ministers): their role would be to report and to publicise. Possible people for this task might include Mr. John Patten, Mr. Mellor, Mr. Dunn and Mr. Peter Morrison. Employment Ministers might themselves be given, say, an additional Private Secretary whose sole task would be to oversee the programme.

The task forces in each area should if possible be headed by people from the private sector, though the task forces would include a proportion of Civil Servants. Each task force would have a single budget over which the head of the task force would have complete control. It would be necessary to set objectives and performance targets for each force.

The Prime Minister has mentioned this structure in very broad outline to Lord Young, who did not react. I am sure the Prime Minister would not object if you wished to discuss it with Lord Young and Mr. Clarke.

CONFIDENTIAL

- 2 -

You may also like to know that at a meeting yesterday Lord Young spoke to the Prime Minister in terms of a separate initiative to be taken by Mr. Baker on the fabric of the selected areas. However, again no details were discussed.

DRV

DAVID NORGROVE

January
21 November 1986

CONFIDENTIAL

*Robert
not
Yes*

Prime Minister 1

Agree to invite R TA to consider this alternative structure, but without consulting other Ministers at this stage? (The choice is between Lord Young and R Baker will need to be handled with care and is perhaps best left for discussion at the meeting on 30 January, even if you have privately made up your mind already.) *Shs 16/1*

14 January 1986

PRIME MINISTER

INNER CITIES

The organisation recommended by Sir Robert Armstrong would be little short of disastrous:

- i. A team of two senior Ministers from DEmp and two junior Ministers from DoE will never produce quick results. The junior DoE Ministers will always be "referring matters to their Secretary of State", and the whole exercise will get bogged down in the inter-departmental mire.
- ii. There is no need for a new "full-time group of officials" at the centre: this will just generate massive amounts of paperwork.
- iii. There is absolutely no point in this exercise if it is to be run by a Civil Service Principal in each area: he or she will be right under the thumb of the various Senior Principals, Assistant Secretaries and Under Secretaries who are already involved in the CATs. And the public sector culture that pervades the CATs will continue ad infinitum.
- iv. Sir Robert's minute does not make clear how the task forces are to be funded. Funding was what caused the

worst problems when the CATs were set up: because they never had budgets of their own, they were never taken seriously and the lines of responsibility were hopelessly blurred.

- v. Sir Robert's minute also fails to explain what targets or objectives will be given to the task forces. A similar failure to set clear objectives is the second main reason for the abject failure of the CATs: no-one working for them knows quite what they are meant to be achieving.

We recommend that you should write back to Sir Robert, suggesting:

- a. A single senior Minister (✓David Young or ✓Kenneth Clarke) with sole charge of the exercise - so that ✓decisions are clearly his responsibility. Since he would be directly responsible to MISC 104, there could be no question of abrogating collective decision-making.

- b. A bevy of junior Ministers from several departments, charged with going to the target areas to report in writing on the state of play, and to make speeches giving the programmes maximum publicity. It should be made clear that these Ministers would have no executive responsibility (and hence no vested interest

Peter Morrison.
~~George Young~~
~~George Widdowson~~
David Nelson.

in pretending that everything was going well); they would purely be "eyes, ears and mouths". (You might want to include John Patten, David Mellor, Bob Dunn and Michael Howard. Sir George Young would not be appropriate.)

- c. ✓ A single additional private secretary, serving the senior Minister in charge; this person's sole task would be to oversee the programme. (We privately doubt whether the job would, in the event, prove to be full-time, even for this one person: just think what one of your own private secretaries gets through in a day!)

- d. Dynamic private sector entrepreneurs to head each task force - with a maximum of one-third civil servants on any force at any given time. Like the Policy Unit, these forces are meant to tease pearls out of the public sector oysters by being irritants from outside.

The names do not need to be announced at the start; they can be found while the project is being set up.

provided they were left alone by the hierarchy. There are a lot of good people in the civil service! ✓

- e. Clear funding arrangements, with a single overall budget, divided into separate budgets for each task force. The head of each force should have total control over the use of his budget.

- f. A set of objectives for each force, with quantified performance targets. It should be made clear from the start that the contracts of the task force leaders will not be renewed if they undershoot their targets, or otherwise fail to satisfy the junior Ministers reporting on their performance to the senior Minister in charge.

A structure of this sort would stand some chance of achieving results: Sir Robert's version most definitely would not.

Oliver Letwin

OLIVER LETWIN