

Ref. A086/251

PRIME MINISTER

Inner Cities

— In the light of Mr Norgrove's minute to me of 21 January I spoke yesterday with the Secretary of State for Employment and the Paymaster General. I think the easiest way to summarise our — conclusions is to send you the attached draft of the paper I would now like to circulate to MISC 104 for consideration at their meeting next week. I should aim to send out the paper on Monday if at all possible, though I shall need to clear it with the Treasury before doing so.

2. As you will see, the organisational structure that I am now proposing is still somewhat more cumbersome than that suggested in Mr Norgrove's note. But it is the outcome of a discussion which I had yesterday with the Secretary of State and the Paymaster General, both of whom have given a good deal of thought to this. The outcome reflected in this minute is proposed with their agreement. I am sure that the basic structure indicated in the attached paper is on the right lines.

3. I should particularly draw your attention to the following two points:

i. You will see that I have it in mind to propose an early statement. It would be very useful to have your views on the handling and timing of this before the meeting. Lord Young puts much weight on pressing ahead now with all speed and would like, if possible, the statement to be made next Thursday. The setting of such arrangements in train would itself do something to pre-empt the MISC 104 discussion: a statement very early the following week might be better.

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ii. You will see what the draft paper and statement say about additional resources. Hitherto the discussion in MISC 104 has proceeded on the assumption that a new initiative would not be given additional funding; the Chief Secretary minuted you about that on 29 October. Lord Young, however, is convinced that an initiative of this kind without extra money would fall at the first hurdle. I believe that judgment to be right, but it is essentially a political one. If you are disposed to agree that at least some - not necessarily very much - extra money is needed, I will arrange for the references to this point in the paper and draft statement to be discussed urgently with the Treasury at senior official level.

4. I believe that the question of transport in these areas, on which Mr Norgrove minuted me on 20 December, is one that is best tackled by being drawn to the specific attention of the task forces when we get that far.

RTA

ROBERT ARMSTRONG

24 January 1986

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MISC 104(86)

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CABINET

MINISTERIAL GROUP ON URBAN POLICY

INNER CITIES: OUTLINE OF AN INITIATIVE IN EIGHT
LOCALITIES

Memorandum by the Secretary of the Cabinet

At their meeting on 19 December 1985
(MISC 104(85) 1st Meeting), the Group asked me to
consider further the arrangements for much improved
management and targeting of Government activity as it
affected the small inner city areas presenting
the most extreme problems; to concentrate at the
present stage on the eight areas in England
identified in MISC 104(85) 1; and to report back to
them by the end of January 1986. The Prime Minister
has decided that, in view of the necessary emphasis

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on employment aspects, this work should be overseen by the Secretary of State for Employment and the Paymaster General (in consultation with the other Ministers concerned), and the following proposals are the outcome of discussion with them.

OBJECTIVES

2. The aims of this initiative would be to increase employment, improve employment prospects and encourage enterprise among people, especially those under 25, living in urban areas suffering from the most severe problems.

3. The initiative would endeavour to pursue this aim:

- through projects and activities which also benefit the environment and services for the community within the areas in question;
- by close involvement of the people living in the areas in deciding what should be done and in running projects and activities;

- in close co-operation with the private sector, local authorities and other bodies concerned with the areas.

The eight areas

4. The eight areas were selected as a balanced group. There are others with problems at least as severe. The initiative should presumably be presented as essentially experimental, with the successful aspects expanded in the light of experience. The Group may wish to review the eight areas selected, to satisfy themselves in the light of the proposed objectives that they are a suitable set of locations for what could be a fairly long-term commitment - certainly up to the end of the present Parliament. In particular, is it right that Merseyside is not represented in the list?

Organisation and staffing

5. The exercise would take place within the strategic oversight of the Secretary of State for Employment, but under the day-to-day management and

supervision of the Paymaster General. Special arrangements would need to be established both at the centre and in each of the eight areas.

a. At the centre, the Paymaster General would be supported by a small full-time unit, which could most conveniently be located within the Department of Employment. It would be important that expertise from other Departments involved in urban policy should be available throughout. The central unit would therefore be led by an official of the Department of Employment, and would have three other officials seconded from the Department of the Environment, the Home Office and the Department of Trade and Industry, and perhaps someone seconded from the private sector.

b. At local level it will be necessary to establish a small task force in each area, to establish plans of action for each area, to tackle the essential (but very difficult) problem of involvement with the local community, encourage private sector participation, and to be responsible for liaison and co-ordination between central Government Departments acting in

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the area. Leadership of the task forces will require unusual skills and energy, and people from the private sector in each local group should be brought in as soon as that can be done. The aim should be to get as quickly as possible to a situation in which each task force is led by a partnership of someone from the private sector (seconded from industry or commerce) to handle relations with local businesses and groups and someone from the public service to handle relations with other Departments and public sector organisations. At the outset, however, the only people who can be quickly deployed are serving civil servants. It is proposed, then, that each area team should initially be under the leadership of an official at Principal level. We should again look to the Department of the Environment, the Home Office and the Department of Trade and Industry, as well as the Department of Employment, to find these staff. At the outset I doubt if more than two junior supporting staff would be needed in each area, and it would be welcome if they were locally recruited.

6. Further thought needs to be given to the precise way in which this structure should be meshed in with existing Ministerial and Official Groups, though this need not delay immediate action in launching an initiative. It is already clear, however, that the Paymaster General would need the assistance of an informal group of junior Ministers from the other Departments primarily concerned, to work actively with him and to demonstrate Ministerial involvement on the ground. I envisage a group of, say, three Ministers (making four with the Paymaster General); all of them would be concerned with the initiative as a whole, and no one Minister's interest would be limited to a particular location or locations.

Methods and powers

7. A major objective in this kind of scheme is the closer focusing and co-ordination of existing Government programmes. A fuller list is annexed to MISC 104(85) 1, but the most immediately relevant are:

1. the Department of Employment/Manpower Services Commission (MSC) employment, training and enterprise programmes;

2. the Urban Programme (administered by the Department of the Environment and requiring local authority involvement);

3. Home Office grants to local authorities under section 11 of the Local Government Act 1966 in respect of additional staff employed to meet the needs of ethnic minorities;

4. Department of Trade and Industry schemes of industrial assistance.

8. The most flexible of these powers are those available to the Department of Employment and the MSC. I understand that the Secretary of State for Employment intends to propose using his existing powers to develop a new urban employment programme which could largely replace the existing community programme in the eight areas. It would aim to operate flexibly in supporting temporary work projects of benefit to the community, community self-help activities and the initial needs of new local enterprise.

Funding

9. The Group's discussion of the possibilities now under consideration has proceeded on the assumption that additional resources would not be available. Switching resources within existing programmes is more feasible in some cases than others. Some Department of Employment/MSD programmes, for example, operate under more flexible powers than, say, the Urban Programme which involves the additional constraint of operating with and through local authorities. The Secretary of State for Employment would intend to find as much as possible of the money for a new urban employment programme by diversion from some of his existing programmes. Smaller and more rigid programmes will not have such scope and the Group will wish to consider whether it would be presentationally important in any event to demonstrate that the initiative does not just mean that the selected areas are going to benefit at the expense of others.

10. For these reasons, the Secretary of State for Employment would propose that additional funding of £10 million should be made available for this initiative in the first full year. He would also

wish to establish at the outset (though not necessarily for public consumption) that in connection with this initiative the Government will be ready to contemplate some flexibility in the application in the selected areas of normal rules on such matters as contract procedures. As the Group noted at its last meeting, it is often said that capital projects in deprived areas simply give employment to workers living elsewhere.

Timing and announcement

11. The Group did not specifically ask my advice on timing, but it will doubtless wish to consider how soon an initiative of this nature should be launched, if it is approved in principle. Since the Government may decide that there should be very early action on this front, I attach, in order to assist discussion, a draft of the kind of statement that might be made as soon as the arrangements could be put in hand. In

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discussing presentation, the Group will be particularly concerned with the way in which this exercise should be presented to local authorities.

Signed ROBERT ARMSTRONG

Cabinet Office

Date

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DRAFT STATEMENT BY THE SECRETARY OF STATE FOR
EMPLOYMENT

INNER CITY EMPLOYMENT PROGRAMMES

Throughout its time in office this Government
has done much for the inner cities.

Since 1979, spending on the

- Urban Programme has DOUBLED;
- derelict Land Grants have DOUBLED;
- support for the voluntary sector has TREBLED to
£640 million;
- Housing Improvement Grants have also TREBLED to
£500 million, peaking at £900 million in
1983-84;
- Government support to housing associations
through Housing Corporation is now £706 million,
at 9 per cent real terms increase; and

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- support for local authority posts dealing with the special needs of Commonwealth immigrants has DOUBLED to £95 million.

We have developed urban policies in many ways. We have promoted local enterprise agencies and established enterprise zones, we have established Urban Development Corporations in Merseyside and the London Docklands, and we are developing the City Action Team approach to improve the co-ordination of Government programmes affecting urban areas, and to establish better targets and performance measures.

But despite much improved focusing of Government help to the places that need it most, the persistence of pockets of extremely severe deprivation in our cities remains one of the most worrying problems that face us today. These pockets are not large, and there may not be a great number of them. But where they exist, the depth of the problem is very great.

In this scene, nothing is more important than unemployment among our young people. Again, the Government has taken imaginative and effective action through the Department of Employment and the Manpower Services Commission, especially through the

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expanding Community Programme which will reach a level of £1 billion a year in June when it will have 230,000 places and a throughput of 300,000 people a year.

But we have decided that more needs to be done in response to the problems posed by small areas where youth unemployment can be running at levels of 50 per cent. The initiative I am announcing today is designed to bring a new approach to these problems at the centre and on the ground.

Our aim will be to increase employment, improve employment prospects and encourage enterprise among people, especially those under 25, living in the areas suffering from the worst problems. For this purpose we have identified eight areas for initial action. They are Notting Hill and North Peckham in London, Leeds (Chapelton), North Central Middlesbrough, Leicester (Highfields), Birmingham (Handsworth), Bristol (St Paul's) and Manchester (Moss Side).

In each of these areas we intend to establish a small task force to help bring our programmes together, to involve the local communities, to

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encourage the participation of the private sector and to liaise with local authorities and other public bodies. The aim will be, so far as possible, to encourage projects and activities which also benefit the environment and services within the specific area in question.

This initiative will proceed under the close supervision of the Paymaster General and under my general oversight. At central and local level a main feature of the initiative will be to bring the various central Government interests together in a more effective way, and many Departments' programmes will be relevant to that.

I intend, however, that a significant part of the exercise will be the development of a new urban employment programme that will largely supersede the Community Programme in the areas in question, and will aim to operate in a highly flexible way. We shall keep the whole exercise under careful review, with a view to expanding its successful features to other areas suffering from similar problems of deprivation.

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In order to ensure that the exercise gets off to a quick and effective start without dislocating existing programmes, I am glad to say that £10 million extra money is being made available in the first full year.

Our intention is to establish the teams and get this initiative going within the next [three] months.

We shall immediately enter into consultation with the local authorities for the areas concerned, and we confidently expect their full co-operation.

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