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MISC 104(86) 1st Meeting

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CABINET

MINISTERIAL GROUP ON URBAN POLICY

MINUTES of a Meeting held at
10 Downing Street on
THURSDAY 30 JANUARY 1986 at 9.30 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon Viscount Whitelaw
Lord President of the Council

The Rt Hon Douglas Hurd MP
Secretary of State for the
Home Department

The Rt Hon Sir Keith Joseph MP
Secretary of State for Education
and Science

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Norman Fowler MP
Secretary of State for Social Services

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport

The Rt Hon Lord Young of Graffham
Secretary of State for Employment

The Rt Hon Kenneth Baker MP
Secretary of State for the Environment

The Rt Hon Kenneth Clarke QC MP
Paymaster General

The Rt Hon John MacGregor MP
Chief Secretary, Treasury

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland

The Rt Hon Paul Channon MP
Secretary of State for Trade and
Industry

Mr John Patten MP
Minister of State, Department of
the Environment (Minister for
Housing, Urban Affairs and Construction)

SECRETARIAT

Sir Robert Armstrong
Mr A J Langdon
Mr R Watson

SUBJECT

INNER CITIES: OUTLINE OF AN INITIATIVE IN EIGHT LOCALITIES

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INNER CITIES: OUTLINE OF AN INITIATIVE IN EIGHT LOCALITIES

The Group considered a Memorandum by the Secretary of the Cabinet (MISC 104(86) 1) about possible arrangements for improved management and targeting of Government activity in certain small inner city areas.

THE PRIME MINISTER said that the proposal before the Group was for a new initiative to increase employment, improve employment prospects and encourage enterprise amongst people, especially those under 25, living in urban areas suffering from the most severe problems. It was proposed that the exercise should be under the strategic oversight of the Secretary of State for Employment and under the day to day management and supervision of the Paymaster General. The Paymaster General would be supported by a small full-time unit staffed by Officials from the Departments of Employment, Environment, Trade and Industry and the Home Office. At local level, a small task force would be established in each of the eight areas identified in MISC 104(86) 1. Their role would be to establish plans of action, involving the local community which would encourage private sector participation in employment creating projects. They would also be responsible for liaison and co-ordination between central Government Departments acting in the area. The need for rapid action suggested that these task forces should be staffed at least initially by civil servants. Although it was proposed that much of the funding required for the new initiative should be available from existing programmes in the Departments principally concerned, it was also suggested that additional funding of about £10 million should be made available.

Although such a structure would provide a basis for a further initiative in the inner cities, there was a danger that it would have insufficient impact to warrant the work involved. There were also dangers in concentrating too much on employment aspects. The sense of the Group's earlier discussions had been that the problem lay in inadequate direction, co-ordination and control of the large amounts of money which were already being spent in the inner cities through local authorities and voluntary bodies. That was the problem to which a new initiative should be directed.

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In discussion, the following points were made -

- a. Although a focus on employment measures was a useful starting point, not least because of the relative flexibility with which Manpower Services Commission (MSC) funds could be deployed, there were dangers in this approach. It would be important, in the presentation of the new initiative, not to give the impression that the Government acknowledged that there was a causal link between unemployment and rioting.
- b. It was also essential that any measures to create employment should benefit the local community and not simply result in the use of labour from outside. The approach could be broadened by the careful use of local labour for projects designed to improve the environment and for other purposes, such as crime prevention. Support should be given where appropriate by Urban Development Grant and eventually by the new Urban Regeneration Grant, for which powers were being taken in the Housing and Planning Bill currently before Parliament.
- c. If the new initiative was to be successful, it was vitally important that it should achieve some redirection of main programmes by all the Departments concerned. On the one hand the announcement of an additional £10 million would blur that point while nevertheless sounding inadequate. On the other hand, it was pointed out that overt spending of this kind in a limited number of inner city areas would be bound to cause additional further claims from similar areas elsewhere. It would also result in complaints from the shire counties, which were still smarting from the recent rate support grant settlement.
- d. The problems of inner city education were essentially long term, although it might be possible to do something in the shorter term by injecting good, keen teachers into schools which did not normally attract them.
- e. It was vitally important to utilise that part of the voluntary sector which was doing really useful work, and to encourage such things as improvements in the opening hours of youth clubs so that they could operate more at weekends and in the school holidays. It was estimated that voluntary organisations in the youth sector spent £9 for every £1 of Government support.

- f. Although the main resources for the new initiative should be made available from diversions within individual departmental programmes, it was necessary to recognise the need for some new funding in order to cover increased administrative costs and some initial pump priming expenditure. The figure of £10 million that had been suggested might be contrasted with the fact that some £12 million of urban programme funding was already allocated to these eight areas (some £7 million to Handsworth alone). This allocation had been reduced as a result of the overall reduction in the urban programme. On the other hand, it was pointed out that large amounts of Government funding were already made available to local authorities in inner city areas, and that there was considerable evidence that some of this was mis-spent. An additional £10 million would have little impact compared to an improvement in the existing targeting of funds. What was necessary was to impose a proper evaluation system, and to switch spending from areas where it was clearly not having the right effect to those where it could be more usefully deployed.
- g. There was considerable anecdotal evidence that a main problem in inner city areas lay in lack of leadership and management rather than lack of resources. The success of the Urban Development Corporation (UDC) in the London docklands showed what could be done in the right circumstances with the right leadership. On balance, the UDC approach was not appropriate for heavily populated inner city areas (although it might be extended to areas such as Trafford Park in Manchester and South Teesside, where there were large areas of dereliction). An attempt to extend the UDC concept to more normal urban areas would in any event require fresh legislation and would increase conflicts with local authorities. Any new initiative must therefore develop good local leadership as an early priority. Wherever possible, local businessmen should be involved from the start and if successful businessmen from the ethnic minorities could be found, they should be specially encouraged to participate.
- h. There was a need for early action. The General synod of the Church of England was due to debate the report of the Archbishop of Canterbury's Commission on Urban Priority Areas on 6 February and Mr Heseltine was due to speak on inner cities at a forthcoming Young Conservative conference.

THE PRIME MINISTER, summing up the discussion, said that the Group were on balance agreed that the proposals put forward in the Memorandum by the Secretary of the Cabinet should be used as the general basis for the development of pilot schemes in eight areas which could produce useful input for further developments in urban policy. The initiatives should be under the overall direction of the Secretary of State for Employment, but in his capacity as co-ordinating Minister for the City Action Teams. Day to day direction would be the responsibility of the Paymaster General, who would be assisted by junior Ministers from the Departments of the Environment, Education and Science, Trade and Industry and the Home Office. A central unit should be established from civil servants from some or all of those Departments, who should also be looked to for assistance with local staffing. It would, however, be essential to bring in outside individuals to the local groups as quickly as possible. It would be important to avoid a large bureaucratic superstructure and to ensure that all Departments concerned collaborated to the utmost. The aim should be to set up the new organisation within one month and an announcement to this effect could be made in the following week. The question of resources should be discussed with the Chief Secretary to the Treasury. The objectives should be stated in a way that did not give undue prominence to employment aspects, but stressed the importance of co-ordination of policy and effort. The Secretary of State for Employment might wish to look again at the precise make-up of the eight areas, but the Group noted that the selection had been made with a careful eye to questions of balance.

The Group -

1. Noted, with approval, the Prime Minister's summing up of their discussion.
2. Invited the Home Secretary, the Secretaries of State for Education and Science, the Environment and Trade and Industry to nominate junior Ministers to join the Paymaster General in co-ordinating the new exercise.
3. Invited the Secretary of State for Employment and the Paymaster General to discuss further with the Chief Secretary for the Treasury and the nominated Ministers the objectives of the exercise, the organisation required and the terms of the statement to be made.
4. Invited the Secretary of State for Employment and the Paymaster General to report back to the Group before the end of March on the action which had been taken, and to report before the end of July on the impact of the initial launch.
5. Invited the Chief Secretary, Treasury, to discuss further the question of resource with the Secretary of State for Employment and the Paymaster General.