

MR. PATTISON

Inner Cities

A — In your minute of 16th October, you sought advice on the proposed
B — review of inner city policies put forward by the Secretary of State for Industry,
C — and on the response of the Secretary of State for the Environment. We have
also seen Sir Keith Joseph's minute of 24th October to the Prime Minister.

2. As you know, Sir Keith Joseph has been pressing for an independent and wide-ranging review on the grounds that "we do not understand the cumulative inter-action of all the policies impinging on inner cities". He lists some of them in his letter of 3rd October, namely "town planning, new towns, rent controls, municipal housing, immigration, social security and welfare, subsidised transport, plus the economic and cultural climate for small businesses and entrepreneurship generally; the fashion and standards in education, regional policy and job-rescue". All these, he suggests, have contributed to the problems which are now described as "inner city" - though in fact not all parts of all inner cities are depressed.

3. The Secretary of State for the Environment argues that such a review would take a long time, create uncertainty and undesirable expectations. He would prefer a quick internal review by officials, culminating in a paper for Ministers, setting out the options. If pressed, he would accept a specific and limited review by outside members in parallel.

4. Sir John Hunt advises against a wide-ranging analytical review as suggested by the Secretary of State for Industry. Urban problems have had more than their fair share of research and scrutiny over the last ten years, starting with the community development projects and comprehensive community programmes of the Home Office. These were followed by the three inner area studies of Birmingham, Lambeth and Liverpool, prepared by consultants engaged by Mr. Walker when he was Secretary of State for the Environment. These studies took over four years to complete.

5. As a result of the earlier work, there is now a better understanding of the way that the interplay of public policies has, in some measure, contributed to conditions in some inner cities. Some public policies, perfectly sound in their own right, have had harmful side effects, for example, the overspill policies in which people moved from the cities to new and expanding towns, or policies for the re-allocation of "non-conforming industries".

6. Any new review of the interaction of public policies in the context of inner cities would be complex and prolonged. It would amount to a Royal Commission scale of study which, to be done properly, would take several years. There would be no guarantee that at the end it would come up with better ideas than we have now. Meanwhile, there would be something of a policy vacuum.

7. It is right, of course, that the Government should be looking critically at the measures set in hand by the previous Government to improve inner city conditions. The decision has been taken to set up Urban Development Corporations in London and Liverpool Docklands. The Secretary of State for the Environment has announced his intention of re-casting the policy and machinery established by his predecessor so that it accords with the Government's emphasis on private enterprise and voluntary effort. His statement to a Press conference on 14th September (attached) indicated the direction in which, with his colleagues' agreement, he proposed to move. It will take time to implement the necessary changes, but some measures dealing with land and the need to get publicly owned land in the inner cities back on to the market, will be included in the forthcoming Local Government Bill.

8. We understand that there are some issues of policy over which there is disagreement between the Departments of the Environment and Industry, though these are not primarily what Sir Keith Joseph is concerned with. His Department are concerned about locating a substantial amount of manufacturing industry in inner areas. Partly, they see inner city policy as a rival to regional policy; but, more generally, they consider that greenfield locations on the outskirts of cities provide better sites for industry to prosper. The corollary to that viewpoint is greater mobility of labour and a wider social mix in inner areas, with more of the residents finding jobs in offices and services in city centres.



9. In the circumstances, the best course might be to invite the Secretary of State for the Environment, in consultation with Sir Keith Joseph, to continue working in the direction set out in his statement. He could be asked to report next summer to his colleagues (either E Committee or H Committee, as the Prime Minister wishes) on the policy changes which have been made or which seem desirable, and on any issues which require collective decision. In making that request, it would be as well to set out the more important matters to be covered.


10. If the discussion of the report threw up issues which called for further study in depth, it might then be appropriate to call for a review of specific questions by outside members.

11. I attach the draft of a minute to the Private Secretary to the Secretary of State for the Environment.

Mv.

(M. J. Vile)

25th October 1979


DRAFT LETTER FROM THE PRIME MINISTER'S PRIVATE
SECRETARY TO THE PRIVATE SECRETARY TO THE
SECRETARY OF STATE FOR THE ENVIRONMENT

Inner Cities

The Prime Minister has considered your Secretary of State's minute of 15th October and the Secretary of State for Industry's letter of 3rd October and minute of 24th October about a review of inner city policies.

2. She does not think that a major review of all the numerous Government policies which affect the state of the inner cities would be justified at present. Despite their shortcomings, much of the ground was covered in the Inner Area Studies of Liverpool, Birmingham and Lambeth, prepared by consultants commissioned by Peter Walker. There is better understanding, as a result, of the interplay of public policies as they affect inner areas, and greater recognition that some policies have actually worsened conditions. Any further wide-ranging analytical review would be of Royal Commission dimensions, taking several years. It would lead to a policy vacuum meanwhile, and there would be no guarantee that it would come up with better ideas than we have now.

3. In the short term, the best approach seems likely to be the re-shaping of inner city policy and machinery framed by the last Government to accord with the present Government's general philosophy and priorities. Your Secretary of State outlined the kind of reorientation that is needed in his statement on 14th September. He stressed the need for a simplification of the existing bureaucratic processes and much greater emphasis on the private sector and voluntary effort, with the public sector concentrating on creating the right climate and conditions for enterprise to flourish.



4. The Prime Minister would like your Secretary of State, in consultation with the Secretary of State for Industry, to continue working on the lines of his statement and to report to colleagues next summer on the policy changes which have been made or which seem desirable, and on any issues which require collective decision. The report might deal, among other things, with the coverage of inner city policy - whether the Government is attempting to give special assistance to too many authorities; with the respective roles of the public and private sectors, including the scope for voluntary initiatives and self-help; with the mix of schemes coming forward from local authorities; and with policies for housing and employment in inner city areas, including the mix of housing tenures, and the role of manufacturing industry, on which Departments have not always seen eye to eye in the past.

5. If the report throws up issues which call for further study, that will be the time to decide whether a review by outside members would be helpful.

6. I am copying this minute to Ian Ellison.

M.J.