



Prime Minister

Inner Cities

In his letter of 29 October 1979, your Private Secretary reported your decision that a major review of Government policies affecting the state of the inner cities was not justified. You asked me to continue working on the lines of my statement of 14 September, and to report to colleagues on progress. I cover in this the main points you raised.

Officials from the several government departments responsible have looked at the operation of inner city policy, and have produced a detailed report which reached me just as we were getting to grips with the public expenditure survey. This naturally caused me to scrutinise the value for money which the programme gives very closely. As a result I have squeezed the resources here very tightly indeed, finding savings of some £27m. I have already used the programme as a sanction in our campaign to get authorities to comply with our overall expenditure policies. We have also announced that the traditional urban programme of small schemes for a large number of authorities should go on.



Other things have moved on also. One major change since we took office has been to encourage greater participation in local affairs and the urban programme in particular by the private sector, and to direct public sector investment to creating the conditions which will facilitate private investment. I have launched an initiative after discussion with Keith Joseph aimed at the CBI and ABCC with the aim of getting the private sector locally and local government closer together. A responsive and representative private sector will be a powerful instrument for changing the entrenched attitudes of many local councils who are reluctant to accept that the future does not lie in rebuilding an old economy and providing everyone with council houses, but developing the local economy in a way which will benefit not only the inner areas but cities as a whole. I intend to use the urban programme grants as a lever to secure private investment wherever possible, and to make the advice of local industry and commerce a condition of providing urban programme grant. We have made good progress towards establishing Urban Development Corporations in London and on Merseyside and starting Enterprise Zones also in a number of places.



My view remains that the difficulties in the inner parts of our major cities add up to a national problem. Part of the solution lies in the sensible use of main programmes. So far as the urban programme itself is concerned, a fair amount of useful work has been done in the short time since the programme started, and I have, in collaboration with my colleagues, been taking steps to ensure that projects undertaken by partnership and programme authorities are relevant and effective ones and are likely to lift the sights of people in these places - where the local authorities are particularly likely to benefit from a programme which gives central government an effective voice. There is certainly scope for useful action in these areas, and we can still make further progress in ^mslimming down the procedures about which some colleagues have rightly expressed concern. I intend shortly to consult colleagues on guidelines for future projects, with simplification as the aim.

L I have looked very carefully at the range of areas helped through the urban programme, in the light of the latest statistical evidence. There are some cases on both sides of the borderline: but the present list is reasonably sound. I see no call for any/^{but}marginal changes.



The programme is one of the principal means of direct government support for voluntary effort. Some of the voluntary sector projects, particularly self help ones, in the urban programme are particularly cost-effective: I would want to keep the proportion of the programme going to the voluntary sector about the same.

More schemes are being aimed at strengthening local economies and improving the environment. I shall continue to encourage this so that we are seen to be making a positive contribution to regeneration, though I welcome the continued involvement of the social departments in the programme. The inner cities seem bound to face particular stress while employment remains high, and they contain significant concentrations of people who are especially likely to be out of work.

The urban programme is designed to help problems of deprivation in urban areas, and is not specifically biased towards ethnic groups, though of course many of those helped



under the programme are ethnic minorities. I shall be discussing with Willie Whitelaw how we can ensure that this element in the programme is best handled along with other relevant policies.

I am copying this minute to Keith Josphe, Willie Whitelaw, Jim Prior, Patrick Jenkin, Mark Carlisle, Norman Fowler, John Biffen, George Younger, Nicholas Edwards, Humphrey Atkins and Sir Robert Armstrong.

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