

CONFIDENTIAL

File AA

E.R.
SUBJECT

NOTE FOR THE RECORD

INNER CITY PROBLEMS

The Prime Minister held a meeting at 23.30 on 14 July with the Home Secretary and the Secretary of State for the Environment to discuss Ministerial responsibility for dealing with the problems of the inner cities.

Mr Heseltine said that he had not yet been able to think through just what the co-ordination of the Government's policies as they applied to the inner cities really meant. He believed that it would take some time before a considered view on this matter could be reached. What he would like to do immediately was to base himself for a fortnight in Merseyside, starting on Sunday 19 July, in order to see what progress was being made with the implementation of those policies for which he as Secretary of State for the Environment was directly responsible, e.g. the UDC, the enterprise zone and the partnership scheme. But although it would be the DOE's activities he would be looking at, he would inevitably, when these were affected by the work of other departments, notably the Departments of Employment and Industry, need to look beyond them and he would have to have the agreement of the Secretaries of State concerned that he should be able to draw upon the services of their regional offices. It would be desirable, therefore, that if the Prime Minister agreed with the approach he was suggesting, she should mention this at Cabinet later that week. While he was in Merseyside he would also produce privately a report for his colleagues on what co-ordination of Government policies as they applied to the inner cities actually meant and what should be done about improving them: for this purpose, his visit to Merseyside would in practice be a kind of pilot study from which conclusions of more general application could be drawn.

The Home Secretary said that in an earlier discussion with the Prime Minister, she and he had agreed that there would

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be considerable advantage if Mr Timothy Raison joined Mr Heseltine on his visit to Merseyside. He would be particularly well qualified to deal with the community relations aspects of the situation. For the purpose of the visit Mr Raison would of course report to Mr Heseltine. He would like to announce the Merseyside exercise during the debate on Thursday.

Mr Heseltine said that he welcomed the suggestion that Mr Raison should go with him to Merseyside. He envisaged that he would be supported by a small staff from the DOE and there might be a case for supplementing it with some officials from the Home Office. One of the things he would be doing while in Merseyside would be to see what could be done about clearing derelict land and developing it. If he was to make this part of his visit credible, he would need to be able to spend money. Otherwise he would simply create expectations which Merseyside would soon realise were not going to be fulfilled, and the whole point of his going there would be destroyed. He was not talking about large sums of money but he could not find them from within his existing programmes and would need new money.

The Prime Minister said that she agreed that Mr Heseltine should undertake his visit to Merseyside on the basis he had outlined and that Mr Raison should accompany him. The Home Secretary should announce the visit in the debate on Thursday. Very large sums of central Government money were already being spent in Liverpool and she believed that it was more a case of getting better value for it than of additional resources. She was, however, ready to consider giving Mr Heseltine a very small amount of new money for the purpose he had described and she would discuss this the following day with the Chancellor of the Exchequer.

16 July 1981

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