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Ref. A05620

PRIME MINISTER

Merseyside and Related Matters

BACKGROUND

Following his visit to Merseyside the Secretary of State for the Environment circulated a report to members of the Cabinet on 13th August. The main proposals were: that his Merseyside remit should be extended for a year; that other senior Ministers should be given similar remits for other English conurbations; that there should be a new central Government office in Liverpool; that substantial additional resources should be directed to Merseyside and other conurbations; and that certain other initiatives and policy reviews should be put in hand.

2. At your meeting on 7th September with the Ministers principally concerned (the Secretary of State for the Environment, the Home Secretary, the Chancellor of the Exchequer and the Secretary of State for Industry) there was tentative agreement only that the Secretary of State for the Environment's Merseyside remit should be extended for a year, and that a new central Government presence might be established in Liverpool depending on clarification of the form that it might take. Other Ministers were unconvinced by the merits of the Secretary of State for the Environment's proposals to designate other senior Ministers for other conurbations or to provide very large additional resources to Merseyside (£100 million a year for two years, net of social security savings), and similar sums elsewhere.

3. The Secretary of the Cabinet was invited to prepare a memorandum as a basis for further consideration and decisions by Ministers. This memorandum, which was circulated on 18th September, should form the main item for discussion at the meeting. It has been prepared with the assistance of all the Departments who might be directly affected by the proposals, and a considerably larger number of Ministers than those present on 7th September will attend tomorrow's meeting.

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4. The Secretary of State for the Environment has circulated a further minute of 22nd September. This does not raise any new points but underlines some considerations to which he attaches particular importance - the pressures to do something for other areas as well as Merseyside, the need for additional resources (which would have to be announced) to provide leverage, and his preference for giving a co-ordinating Minister for each conurbation considerable discretion over how any additional resources should be spent rather than adding them to existing programmes. The Lord Chancellor has also offered some comments in his minute of 11th September based on his experience in the North East in the early 1960s.

MAIN ISSUES

5. There are three main issues concerning organisation and resources:

(1) Ministerial responsibility for Merseyside and other conurbations (paragraphs 2-6 of the memorandum), the central Government presence on Merseyside (paragraphs 7-10), and the availability of additional resources for Merseyside and other conurbations (paragraphs 13-18). On the more specific matters in paragraph 19 of the memorandum it should be necessary only to take note of the action in hand.

Ministerial Responsibility

6. The question of whether to designate senior Ministers as having responsibilities for conurbations other than Merseyside is largely a matter for political judgment. Ministers at the meeting on 7th September were not attracted by the proposal; but you will wish to weigh the balance of opinion in the wider group of Ministers at tomorrow's meeting. There are however some important practical considerations. Of the Departments involved in preparing the memorandum by officials, none supported the DOE proposal for at least five senior Ministers with territorial responsibility and most were strongly opposed to it. The pros and cons are set out in paragraphs 3 and 4 of the memorandum. The main anxiety is that such an arrangement would lead to administrative, Parliamentary and public confusion. Moreover the argument about where to draw the line is a very real difficulty. No-one believes that it would make sense to have as many as seven senior Ministers with English territorial responsibilities, but anything less than

that gives rise to some awkward anomalies. We understand that the Secretary of State for the Environment has been considering whether to reduce the number of senior Ministers involved by making some of them responsible for more than one conurbation (e.g. for Greater Manchester as well as Merseyside, and for South and West Yorkshire) but it is doubtful whether this would work because of the demands on the senior Ministers' time and local rivalries.

7. In his latest minute the Secretary of State for the Environment uses the argument that the young managers seconded from the financial institutions should be active in areas other than Merseyside and that this strengthens the case for Ministerial arrangements in other areas. It may well be that the young managers should not be confined to Merseyside and that their activities need to be carefully steered. There may however be other ways of achieving that objective.

8. If the balance of view remains unfavourable to the Secretary of State's proposal, Ministers may nevertheless accept the premise that they do not want to appear to be giving Merseyside special treatment because of the Toxteth riot. They may therefore want to consider some intermediate option such as Options C and D in paragraph 6. Option D, the designation of DOE junior Ministers, would be regarded by the Secretary of State for the Environment as very much a second best solution but it has the merit of being a natural development of the involvement of DOE Ministers in the inner city "partnerships" not just in Liverpool but also in Manchester/Salford, Birmingham, Newcastle/Gateshead and three London Boroughs (Hackney, Islington and Lambeth). Alternatively, Ministers may feel that the key issue for the other areas is not Ministerial responsibility but additional resources. Special Ministerial arrangements for Merseyside on a temporary and experimental basis may not matter if Merseyside and the other conurbations have an equal claim to extra resources (see paragraphs 11 and 12 below).

Central Government Presence on Merseyside

9. There is a wide measure of agreement on the proposal in the memorandum (Option B, outlined in paragraph 10) for a multidepartmental task force in Liverpool with a co-ordinating official in support of the Secretary of State. The only point of dispute is the DOE's wish that the task force should have executive rather than co-ordinating responsibility for certain key functions, but all other Departments are opposed to this.

10. Important features of the task force concept are that it is designed to meet some of the criticisms of the Secretary of State's original proposals - it will promote the best use of existing resources, it will be able to work up properly formulated proposals for additional resources, and it will try and relate expenditure to a viable strategy for the conurbation.

Resources

11. The arguments about resources are set out in paragraphs 13-17 of the memorandum, and Ministers have a choice from five options A to E set out in paragraph 18. Ministers may feel that it is unrealistic to ask the Secretary of State for the Environment to return to Merseyside for a year and to set up a new office there, unless he has the prospect of some additional resources over and above the £15 million provisionally allocated out of the Contingency Reserve in July. Equally they may feel that it would be wrong to appear to be giving Merseyside preferential treatment compared with other conurbations with similar problems. If that is how the discussion runs it would point towards Option E - the possibility of some additional resources being available not just in Merseyside but also in other conurbations, depending on further work done on their likely contribution to the reduction of unemployment and regeneration of the areas. The Treasury is however likely to look very critically at this option. The Chief Secretary's agreement may depend entirely on the precise formulation of the option: i. e. on there being no public commitment of a given quantum of extra resources but merely a willingness to consider new proposals for expenditure on their merits and against other competing claims. The Secretary of State for the Environment may well feel that this does not go far enough, but it at least provides a way forward.

12. If Ministers adopt Option E, they will also want to consider how the further examination of proposals for additional expenditure can best be organised. For Merseyside they may already have agreed on a co-ordinating senior Minister and supporting task force. If senior Ministers are not to be appointed elsewhere, the task may fall to DOE junior Ministers and to such arrangements as the Secretary of State for Scotland may establish on Clydeside. In addition Ministers may wish to consider whether there is a need for:

- (a) Co-ordinating task forces on the Merseyside model for other conurbations.
- (b) A Ministerial Committee to co-ordinate and supervise all this work, with possibly an Official Committee in support (see paragraphs 11 and 12 of the memorandum).
- (c) An interdepartmental study of the problems of the conurbations generally, to provide a broader perspective which would supplement the consideration of particular proposals coming from the conurbations.

13. The Secretary of State for the Environment has again stressed in his minute of 22nd September that any extra resources should not just be added to existing programmes but that there should be "discretion to meet local opportunity". Precisely how this would work would depend on what arrangements have been made for designating Ministers for conurbations, for setting up local task forces there, and for co-ordination in Whitehall. There should however be no difficulty provided that, as we assume, the Secretary of State is not proposing some new programme but merely that the extent to which additional resources are made available for any of the existing programmes affecting the conurbations (including the Urban Programme within which there is already some flexibility), should depend on the local merits of the proposals put forward. Any conflicts between local and national priorities would need to be resolved interdepartmentally at whatever level was appropriate.

HANDLING

14. You will wish to ask the Secretary of State for the Environment to open the discussion. The other Ministers whose comments will be particularly important are the Home Secretary (not only because of the link with police and race relations issues but also because of his political judgment about the practicability of the Secretary of State for the Environment's proposals and about the public response needed from the Government on inner city problems), the Chief Secretary, Treasury (on availability of extra resources), the Secretaries of State for Industry and for Employment (because the greater co-ordination the Secretary of State for the Environment is seeking mainly affects the work of the Department of Industry and the Manpower Services Commission) and the Secretary of State for Scotland (because of the repercussions for Clydeside).

CONCLUSIONS

15. You will wish to reach conclusions on the points listed in the final paragraph of the memorandum by officials i. e. :

- (a) Which of the Options A, B, C or D relating to Ministerial responsibilities should be adopted.
- (b) Whether Option B (the task force concept) should be adopted for the central Government presence in Merseyside. (Depending on other conclusions, Ministers might want something similar in other conurbations.)
- (c) Whether the proposals for Ministerial and Departmental co-ordination in paragraphs 11 and 12 of the memorandum by officials should be adopted. (This depends to some extent on how far Ministers want to do something for conurbations other than Merseyside.)
- (d) Which of the Options A, B, C, D or E relating to resources should be adopted.
- (e) Whether they are content with the work on specific matters, either in hand or proposed, outlined in paragraph 19 of the memorandum by officials.

PRESENTATION

16. If Ministers are able to agree on a policy framework for Merseyside and the other conurbations, it would be useful to consider how and when this should be made known publicly. Any announcement about organisation and resources for dealing with the economic and environmental problems of the conurbations will need to be supplemented by some statement by the Home Secretary on police and community relations matters. The Scarman Report is not expected until late October but Ministers may feel that some announcement will have to be made before then, possibly at the Party Conference, or when Parliament reassembles. You may wish to stress that any draft statements should be circulated for clearance by yourself and other Ministers concerned in good time.

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ROBERT ARMSTRONG

22nd September, 1981