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PRIME MINISTER

INNER CITIES

There is, I am afraid, a degree of tension building up about the role to be played by the Department of Trade and Industry on Inner Cities.

DTI, no doubt with Lord Young's approval, have prepared some lobby briefing for use after The Queen's speech. This lists the programmes of the Department of the Environment and the Department of Employment which affect the Inner Cities (including, for example, Urban Regeneration Grants, Housing Action Trusts, Urban Development Corporations and so on) and also mention education policies. It continues:

"The Secretary of State for Trade and Industry and the Chancellor of the Duchy of Lancaster have a special remit from the Prime Minister to see that Government programmes work effectively, draw in investment from the private sector, and are accurately targeted."

I have had a call about this, reporting concern that the DTI, in assessing the effectiveness of the Department's programmes, will in practice be taking a supervisory role which properly belongs to the Secretary of State in that Department.

There is something in this, and I see scope for conflict. However, DTI have little or no resources and virtually no formal powers to carry out their remit on Inner Cities. If they are given a purely co-ordinating role, they will be brushed aside. So Lord Young and Mr Clarke, and their officials, probably will have to step on a few toes. I suspect also that any problems are likely to arise more amongst officials than amongst Ministers: Lord Young and Mr Baker have a good working relationship, and Mr Ridley is likely to take a sane view about the protection of his patch.

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If you agree, I should like to tell people who call me about this that Trade and Industry Ministers must have a role in assessing the effectiveness of policies so far as they bear on Inner Cities. If there are any particular problems, they will need to be resolved as they arise.

You may also wish to mention this to Sir Robert Armstrong tomorrow, to ask whether he sees particular problems. He might also want to talk to Permanent Secretaries in the Departments concerned about how the respective roles will be carried out.

*S. Lewis*  
*D. Clerk*

*p.p.* D R NORGROVE  
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