

PERSONAL AND CONFIDENTIAL

PRIME MINISTER

INNER CITIES

Lord Whitelaw is coming to see you tomorrow morning to talk about the arrangements for handling inner cities policy.

You might at this point like to look at my note below of a conversation with Mr Ridley's Private Secretary and also at Robert Armstrong's minute.

I take it that you would not want to make major changes in the allocation of responsibilities between Departments. There are then two questions:

- (a) how the details of policy on inner cities can be better co-ordinated; and
- (b) how Government policies can be better presented?

The answer to the second question must be good enough to stop the stories in the press that there is friction within the Government.

Robert Armstrong favours making Mr Ridley responsible for both policy and presentation and setting up an official committee to shadow the ministerial committee. This seems wrong because

- Mr Ridley does not have the time (or the inclination);
- it would put down Lord Young;
- because it would be an admission that a decision you made only a few months ago was wrong;
- an official committee would wind up with lowest common denominator recommendations where the result

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would be low indeed.

The Policy Unit have suggested appointing a Minister of State to the Department of the Environment under Mr Ridley to be the Government's public face on inner cities, for example Chris Patten or David Mellor. (But this would take us to the limit of Minister of State numbers and anyway would not solve the interdepartmental problem.)

Lord Whitelaw's first instinct today was to favour giving responsibility to Mr Clarke, perhaps with an explicit link to Mr Trippier.

This sounds a useful idea, provided Mr Ridley accepts the need to make it work. Mr Clarke has the time both in terms of policy and of presentation. You could ask Lord Young to keep an eye particularly on the presentational aspects.

Mr Clarke would need a source of intelligence (as will you) about where departments are not working together. I recommend that Eric Sorensen should continue his work in the Cabinet Office for a few more months. His draft report was rather disappointing in its absence of a firm structure and sense of direction. That may be partly the result of a failure of nerve in the face of pressures from his Department. He may be more useful in the next few months in reviewing and simplifying the present panoply of grants and administration.

Mr Ridley is unlikely to be very satisfied whatever the solution you choose. But the Government's objective is to restore market forces in inner cities which have been destroyed by local councils and others. That will itself take Government intervention.

DN

David Norgrove

23 September 1987

PRIME MINISTER

INNER CITIES

I had a talk today about Mr. Ridley's views on inner cities with his Private Secretary.

His Private Secretary says that Mr. Ridley believes there is no such thing as inner city policy. There is only policy towards housing, transport, social services, blacks and so on. This underlies his rejection of any compromise on housing objectives in order to help local people and local firms. If local firms can win business by being fully competitive so much the better. But if they can't, the Government should not interfere with market forces in order to help them.

The same beliefs explain why he is sceptical about any ideas for coordinating inner city policies and presentation. It is not so much that relations between him and Mr. Clarke are inherently difficult (though there is something of that) it is more that he believes that to set up the Clarke Committee now would make it easier for E(UP) to build on it to create new inter-departmental machinery after it has discussed the Sorensen report. His Private Secretary believes that if the discussions at E(UP) go badly from his point of view, Mr. Ridley will prefer to transfer the inner cities directorate, together with the various grants, from DOE to DTI.

Relations with Lord Young are apparently more difficult than with Mr. Clarke. Mr. Ridley believes that Lord Young is too concerned with appearance and not enough with economic realities.

Separately, Mr. Ridley has approached Archie Hamilton about a meeting with you. Archie says that Mr. Ridley intends to use his Conference speech to put the record straight on inner cities and the allocation of responsibilities. (This sounds ominous.)

DK

David Norgrove

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INNER CITIES

A propos of our discussion this morning there are one or two quotes which suggest that the tide is beginning to turn, as well as being potentially useful for speeches and in the House.

"Since 1982 there has been a 63% increase in our expenditure in real terms, and an increase in staff of 2,500 people. What we have to accept is that all this extra expenditure and all this extra growth did not result in more or better services."

Mr. Tony Dykes, leader of Camden Council,
Hampstead & Highgate Express, 11 September 1987

"We are seen as bureaucratic, inefficient, unresponsive and paternalistic by many of those people who are most dependent on what we provide."

Mrs Margaret Hodge, New Statesman, 18 September 1987

"We've tended to act as politicians in a rather theoretical domain, protesting about cuts instead of examining what we actually provide."

Ibid

"We must improve the quality of local council services. We must become more consumer-orientated. Individuals know best what they want, not town hall politicians or trade unionists.

"For instance, tenants genuinely know a lot about how their estates should be run. A council really has no right to decide whether a family should have an extra bedroom or not. It should be up to the people concerned. And if they together choose to run their estates themselves, they should have the freedom and our support to do so.

Ibid.

D.N.

David Norgrove

23 September 1987

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